FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,211 — Wednesday January 4 1984

Broadcasting takes a gamble in space, Page 8

NEWS SUMMARY

GENERAL

Reagan rethinks Mid-East policy

President Ronald Reagan, senior officials and his closest aides yesterday began an election year reassessment of U.S. Middle East policy.

That followed the Syrian decision to release captured American airman Robert Goodman in response to the controversial mission to Damascus by the Rev Jesse Jackson, the black contender for the Democratic Party's presidential nomination. Page 10. Blow to Mondale, Page 4

In Lebanon, rival Moslem factions clashed in the port of Tripoli, Israeli aircraft bombed guerrilla bases in the mountains, and the driver of the French consul in Beirut was in a critical condition after a motor-cycle gunman shot him in the head.

Angola complains

The United Nations Security Council was summoned to consider a new complaint by Angola that South African troops had violated its territory and were attacking towns in the south. Page 3

Flick case moves

Some Flick tax affair charges against former West German Economics Minister Hans Friderichs may be dropped, a court official said. An investigation into accusations that he destroyed evidence has been dropped.

Basque protest

Spanish police fired rubber bullets to disperse hundreds of separatists in the Basque town of Renteria. They had blocked roads and railways in protest at the killing of Basque guerrilla leader Miguel Goikoetxea in France.

Turkey cuts troops

Turkey is to withdraw 1,500 troops from Cyprus in the next two months in a move intended to increase goodwill in the divided island.

Kurdistan truce

Iraq's President Saddam Hussein has signed an agreement with Kurdish rebel leader Jalal Talabani for a ceasefire in Iraqi Kurdistan and greater autonomy for the 2.5m Kurds in the area.

'Peace hunger strike'

Two arrested East German women peace campaigners were reported to be on hunger strike. Page 2

Blessing controversy

In Sicily a Roman Catholic bishop said he had blessed the foundation stone of a church inside the Comiso nuclear missile base, an act for which he has been criticised.

Mugabe reshuffle

Zimbabwe Premier Robert Mugabe announced a Cabinet reshuffle, demoting two key ministers. Details, Page 3

Chad rebels return

About 700 rebel guerrillas in southern Chad have agreed to disband and rejoin government forces in the hope of encouraging an end to the civil war.

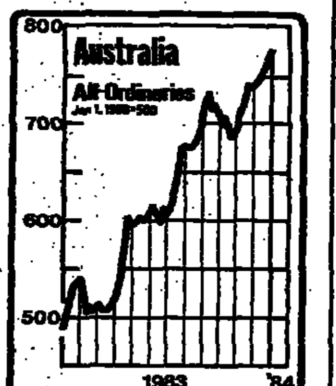
Bureaucratic British

Britain's central bureaucracy is the largest in the world in relation to its size and economic status, says an International Monetary Fund study of 83 nations. It has nearly twice as many civil servants as might be expected. Page 5

BUSINESS

Tea and cocoa prices surge

- TEA prices surged to record levels in London, with average prices of top-quality teas jumping by 50p to £3.30 ($4.71) a kilo, after India's decision to ban the export of certain grades. Page 10
- COCOA prices in London also rose sharply to their highest for five years, after the Nigerian coup. Details, Page 10
- DOLLAR closed firmer, with world political factors depressing any optimism about an early fall in U.S. interest rates. It rose to DM 2.759 (from DM 2.7225), FFr 8.4385 (FFr 8.3175), SwFr 2.2125 (SwFr 2.1805), and Y232.25 (Y231.55). Its Bank of England trade-weighted index rose from 129.2 to 130. Page 17



- STERLING fell 2.3 cents from Friday's close to $1.4285, and to DM 3.94125 (DM 3.955), FFr 12.055 (FFr 12.07) and Y331.75 (Y336.5), but was unchanged at SwFr 3.165. Its trade weighting dropped from 82.9 to 82.2. Page 27
- GOLD fell $1.125 to $380.875 in London. In Frankfurt it closed at $382.5, and in Zurich at $380.25. In New York, the Comex January settlement was $379.2 ($385.1). Page 26
- WALL STREET: Dow Jones Industrial Average closed 5.90 down at 1,252.74. Report, Page 17. Full share prices, Pages 18–20
- UK and French Governments are fighting to keep a record $622m Thai oil refinery contract, won by an Anglo-French consortium and in jeopardy because of the collapse of talks over financing. Page 10
- ARGENTINA'S civilian Government has outlined its broad strategy for rescheduling more than $18bn foreign debt. Page 4
- TURKISH central bank governor Osman Siklar resigned.
- INTERNATIONAL LABOUR Organisation appointed a Chinese, Jin Fuyao, 61, as an assistant director-general.
- SOVIET UNION plans to put more than 12,000km (7,450 miles) of new gas pipeline into operation this year.
- INDIA awarded a $120m undersea gas pipeline contract to Indo-U.S. partnership Essar Brown and Root. Page 4
- DENMARK'S gross domestic product rose 2 per cent in real terms in 1983.
- SWITZERLAND'S foreign exchange reserves reached a record of nearly SwFr 32.68bn ($14.85bn) at the end of 1983.
- PAKISTAN abolished a 5 per cent import surcharge on cotton.
- WORLD AIR passenger traffic rose by about 5 per cent to about 780m passengers on scheduled services.
- BNOC (British National Oil Corporation) has acceptance from more than half its customers for an unchanged first-quarter North Sea oil price of $30 a barrel.
- GETTY OIL share trading was suspended in New York, and a company announcement is expected. Last week Pennzoil offered $16m for about 20 per cent of Getty shares.

Murdoch moves to acquire 49.9% stake in Warner

BY TERRY DODSWORTH IN NEW YORK

Mr Rupert Murdoch, the Australian publishing entrepreneur, has given a strong indication that he is seeking managerial control of Warner Communications, the troubled U.S. entertainments and communications conglomerate in which he has built up a 7 per cent stake over the last few months.

In an announcement that threw Wall Street into confusion yesterday, Warner said Mr Murdoch's North American publishing group had stated its "good faith" intention of acquiring up to 49.9 per cent of the company "depending on market conditions and other business factors."

Warner's shares, suspended in the morning, reacted cautiously, moving up by 25 cents in early trading to $27¼, which valued the company at $1.8bn.

There has been wide speculation recently over Warner's future because of the heavy losses made by its Atari electronic games subsidiary. These pushed the group to a net deficit of $425m for the first nine months of its fiscal year on sales of $2.4bn. It is widely expected to declare a further loss for the final quarter.

Mr Murdoch's News Corporation is one of the largest multinational media groups with net profits, before extraordinary items, of A$86.9m ($77m) on a turnover of more than A$1.5bn in the year to June 1983.

Mr Murdoch first disclosed an interest in Warner in October last year, subsequently spending about $100m for his 7 per cent holding. While that stake was described as "just an investment," Warner was clearly anxious that it might lead to a bid. Only last week it announced a complex share deal with Chris-Craft, designed to make it a more difficult takeover target.

Under the terms of that agreement, Warner is acquiring a 42.5 per cent stake in Chris-Craft's broadcasting subsidiary through the issue of preferred shares which will also be convertible into Warner common stock. On conversion, they would give Chris-Craft about 16 per cent of Warner, which it may add to by acquiring a further 10 per cent of the existing equity in the open market.

News America refused to comment yesterday on its response to this manoeuvre, leaving Wall Street analysts puzzled as to whether it was seriously intending to bid for control of Warner. "Neither Mr Murdoch nor Mr Herbert Siegel of Chris-Craft is the type to spend money if there is little obvious return," one stockbroker said.

Wall Street considers that Warner is already fairly fully valued. Few analysts believe it would be worth much more than $30 a share to a bidder.

On the other hand, it is widely agreed that Mr Murdoch's proposed 49.9 per cent stake should give him sufficient muscle on the board to control Warner without seeking an outright majority stake.

The satellite broadcasting gamble, Page 8

Talbot plant stays shut as rival unions clash

BY PAUL BETTS IN PARIS

THE LONG AWAITED reopening of the large Talbot car plant at Poissy, outside Paris, was disrupted yesterday by violent clashes between rival union workers inside the factory, which is owned by the troubled private Peugeot group.

Peugeot said last night that the disorders prevented the resumption of car production at the plant, which has been paralysed by labour strife since the beginning of last month. The clashes involved about 1,000 immigrant workers.

The car group warned again that unless normal production can be resumed it would have to review its policies towards its French Talbot car operations. These are centred at the Poissy plant, which employs about 17,000 workers.

The Peugeot board and the group's central works committees are due to meet tomorrow to consider changes in the corporate status of Talbot et Cie, the subsidiary grouping the former French assets of Chrysler which Peugeot acquired five years ago.

Peugeot intends to shift control of Talbot et Cie from the Automobiles Peugeot division to two phantom companies which it owns. The move is designed to enable the group to spin off Talbot et Cie or eventually liquidate the troubled concern without endangering the rest of the group.

Production at Poissy, which normally builds about 1,000 Talbot cars a day and is due to produce an additional 300 Peugeot 205 models a day, was to have resumed yesterday after the Socialist Government ordered the eviction of militant workers occupying the plant during the weekend.

Moreover, the Government renewed its commitment not to breach the agreement it reached with Peugeot before Christmas on the future of the Poissy plant. The Government agreed to let Peugeot make 1,900 workers redundant at Poissy in return for a commitment to invest FFr 1.2bn ($144m) in the plant and guarantee the survival of the Talbot company and name.

But the unions, especially the pro-Socialist CFDT, have fiercely opposed the redundancies at the plant, which employs a large proportion of North African immigrants.

Militant CFDT workers yesterday led the disruptions and confu-

Continued on Page 10

Dunlop seeks rise in borrowing limit to finance restructuring

BY RAY MAUGHAN IN LONDON

DUNLOP HOLDINGS, the loss-making British tyres, industrial products and sports goods group, wants to raise its borrowing limit to £600m ($870m) to finance a major programme of disposals and closures. Its bankers are understood to support the proposals. The increase has also been backed by Pegi Malaysia, which has a 26.5 per cent stake in Dunlop.

The group, which has a stock market valuation of £56.2m at 39p a share, is currently empowered to borrow up to £456m.

Given the approval of both classes of its shareholders at extraordinary meetings on January 26, Dunlop will maintain the revised borrowing ceiling until the middle of 1985. Then, the board believes, "the major programme of restructuring will have been substantially completed."

The restructuring programme centres on the sale to Sumitomo Rubber, the fourth largest tyre manufacturer in Japan, of the bulk of Dunlop's tyre-making facilities in the UK and West Germany. Dunlop has also put its French subsidiary – a loss-maker since 1977 – into receivership but a conditional contract to sell a stake in its Dunlop Malaysian Industries Berhad subsidiary to Pegi has recently lapsed.

The effect of the deal with Sumitomo, the French receivership and the collapse of the agreement with Pegi have had a marked, and continuing, effect on Dunlop's financial resources.

Existing borrowing limits have until now been set on a fixed ratio of capital and reserves. That formula meant, for example, that Dunlop could borrow up to £568m at October 5 last year. But after the receivership in France and other adjustments to reflect liabilities of £38m under guarantees for French debts, the borrowing limit fell to £492m against actual indebtedness of £484m.

As the contract with the Japanese manufacturer was struck in the middle of last month, further accounting adjustments by Dunlop's auditors cut the debt ceiling to £458m. However, since December 16 the group has received £34m from Sumitomo and will receive a further £9m next week.

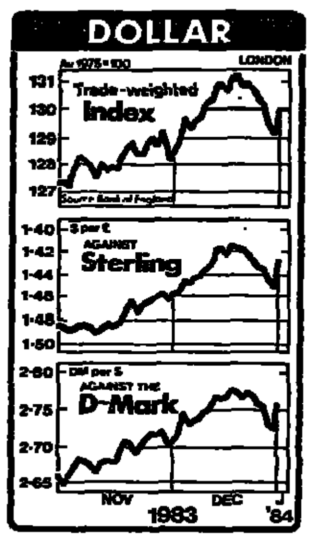
As its "radical measures" take effect, the group believes that its borrowing powers should be set at a specific figure rather than the fixed relationship with share capital and reserves.

Sir Maurice and his colleagues emphasised that "their present plans do not envisage increasing borrowings to the full extent of the proposed limit. Indeed, this proposal in no way reduces the strenuous efforts which are being made to reduce borrowings."

Additional payments, totalling £44m at current rates of exchange will be paid by Sumitomo at the beginning of next year, and in the subsequent four months Dunlop expects to recover "substantial further cash amounts" from the working capital invested in the UK and West German tyre subsidiaries. Despite the lapsing of the contract with Pegi, which would have released a further £55m in cash, Dunlop still aims to sell all or part of its shareholding in Dunlop Malaysian Industries Berhad.

The new borrowing limits cover the expected peak of working capital requirements

Lex, Page 10



$ makes strong advances

By Philip Stephens in London

THE DOLLAR began 1984 with a new surge on foreign exchange markets yesterday, registering strong gains against most currencies amid continuing uncertainty over the direction of U.S. interest rates.

The dollar closed at DM 2.7590 in London, more than 3.5 pfennigs higher than on Friday, while it gained 2.30 cents against a generally weaker sterling to end the day at $1.4285.

The U.S. currency's trade-weighted index moved up to 130.0 from 129.2, according to Bank of England calculations.

Foreign exchange dealers attributed much of the upward shift to a reaction to the dollar's fall during the holiday period last week.

Sentiment then that an apparent slowdown in economic activity would reduce upward pressure on interest rates had brought significant losses for the dollar, but the move was exaggerated by the thinness of the market.

Banks also spoke of a natural ebullience at the start of the new year's trading, with the dollar the obvious beneficiary.

"No one has made any money in the last two years being short of dollars," said the treasurer of one major bank in London.

Many independent economic forecasters have predicted a sharp decline in the dollar's value this year, reflecting expectations of a further steep rise in the U.S. current account deficit.

The markets as yet appear unconvinced, however, that U.S. interest rates will fall sufficiently to deter the flood of foreign

Continued on Page 10

Ferment in U.S. financial markets, Page 9; Lex, Page 10; Money markets, Page 27

Nigerian debt repayment made on time

BY QUENTIN PEEL AND MARGARET HUGHES IN LONDON

NIGERIA made the first repayment yesterday of about $80m owed to international banks on refinancing loans totalling nearly $2bn, as the country's new military Government lifted the dusk-to-dawn curfew in the country and ordered resumption of air, telephone and telex links.

Repayment of the first instalment on the due date coincided with the swearing-in of a Supreme Military Council in Lagos, headed by Maj-Gen Mohammed Buhari, former commander of a mechanised infantry division in the Nigerian Army. The council includes three members of the previous Nigerian military government, headed by Gen Olusegun Obasanjo.

Meanwhile, President Shehu Shagari, the deposed head of state, was flown back to the Nigerian capital in handcuffs from the northern city of Kaduna, according to the News Agency of Nigeria. President Shagari was arrested in Kaduna after the military coup on New Year's Eve.

As information began to filter out from Nigeria, it was confirmed that at least one senior military officer, Brig Ibrahim Bako, had been killed during the arrest of the former President.

Barclays Bank International confirmed yesterday that the payments – the first of 31 monthly instalments on two loans totalling $1.93bn advanced to Nigeria last year – had been made on time. The money was owing under agreements reached with more than 60 banks to refinance the country's short-term trade arrears owing on letters of credit.

Although bankers expressed relief that the first instalment had been made on schedule, they suggested that approval must have been given last Friday – the day before the coup.

Barclays Bank, acting as agent for the loans, has already disbursed the funds to the other creditor banks involved.

Bankers hope that the new Government will honour its pledge to meet "genuine" debt obligations. They stressed that the refinancing had been agreed with the Central Bank of Nigeria.

First signs of disturbances have been reported from Nigeria by the national news agency, which said that a new market in Benin City, east of Lagos, had been destroyed by looters, while another large mar-

Continued on Page 10

Coup team leaders, Page 3; U.S. banks' debt exposure; Lex Page 10

State of emergency declared in Tunisia

BY OUR FOREIGN STAFF

THE TUNISIAN Government last night declared a state of emergency and imposed a nationwide dusk-to-dawn curfew after widespread violence in the south spilled over into the capital, Tunis, and other major cities. The industrial port of Sfax and the town of Gabes, which lie respectively 250 and 350 miles south of Tunis, were particularly affected.

The Government appealed for calm amid conflicting reports of the number of people killed since the disturbances first started on December 29. The Ministry of the Interior acknowledged that four people had died and an unspecified number had been injured but other reports said that as many as 25 had been killed and dozens injured.

Residents of the capital awoke yesterday to find the streets and crossroads manned by riot police and the army. The university campus was also ringed by security forces. As the day wore on, demonstrators, most of them young, attacked buildings and battled with the police, who responded with tear gas.

The riots were touched off by large food price increases. On January 1, the price of bread was increased by 115 per cent to 170 milimes (22 cents).

Although the street riots were touched off by the bread price increases, there was speculation that the disturbances were also linked to other long-standing economic grievances, such as the high level of unemployment and unrest among Islamic fundamentalist groups.

In Paris, the Tunisian ambassador to France, M Hedi Mabourk, said the bread price increase had "very little to do" with the rioting. He blamed "uncontrolled elements"

Food price rises incite unrest, Page 3

CONTENTS

The Irish enjoy a penny post again —for one day only

BY BRENDAN KEENAN IN DUBLIN

POSTAL USERS in the Irish Republic had the benefit of a penny post yesterday to celebrate both the 200th anniversary of the Irish Post Office, and its transformation into separate postal and telecommunications companies.

There were long queues at many post offices and officials estimated that up to 1m penny stamps had been sold. People appeared to be using the stamps which were valid for postage only within the Republic, to send greetings cards and letters to friends. The normal first class post charge is 26 Irish pence (20p).

The new postal company, known as AN Post has its sights set mainly on the business user, to encourage further use of the postal service and enable it to achieve its target of breaking even by 1988.

Present postal usage in the Irish Republic is about half that in the UK and among the new services being introduced are publicity posting, where individual addressing is not required; facsimile transmission from Dublin and Cork to over 100 UK centres; and a recently introduced service for airlifting bulk parcels to the UK.

The Post hopes to introduce cheaper stamps for bulk business users, within the next few months. The Chairman of the company, Mr Feargal Quinn, one of Ireland's leading businessmen, admitted that Irish postal charges were among the highest in the world. He said they would guarantee to keep increases in future well within the rate of inflation.

The splitting of the old post office has been welcomed by business spokesmen but there is concern that both companies will preserve most of the old post office monopoly. Mr Albert Dawson, of the Federation of Self-Employed, said be was prepared to see competition to the post from private courier services.

Mr Liam Connellan, director-general of the Confederation of Irish Industry, said the objective must be to make the Irish post as efficient as any in Europe and bring its charges back into line with other countries.

Raymond Barre

Barre rounds on Mauroy

By David Housego in Paris

THE controversy in France over the so-called "oil sniffer aircraft" affair continued to gather momentum yesterday when M Raymond Barre, the former Prime Minister, accused the Government of "irresponsibility."

M Barre, who has himself been blamed in the affair for misjudgment and covering up the facts, said that M Pierre Mauroy, the Prime Minister, had committed a "serious error" in authorising the publication on Monday of a confidential report on the incident commissioned by the previous administration.

In an interview with the newspaper Le Monde, M Barre said: "There are limits that should not be crossed."

He argued that in publishing the report the Government was casting ridicule on Elf-Aquitaine, the French state-owned oil group that purchased the unsuccessful oil detection system fitted to aircraft. The publication was an act of "great irresponsibility," the former Premier said.

M Barre defended himself from charges of incompetence in approving the transfer of funds to finance the development of the system, saying that the project had the approval of President Giscard d'Estaing and of numerous other experts.

He also left no doubt that he believed that M Jacques Chirac, leader of the neo-Gaullist RPR group, and his main rival as a future candidate for the Presidency, was benefiting from his discomfort.

Pravda dismisses disarmament hopes

BY ANTHONY ROBINSON

PRAVDA, the Soviet Communist Party newspaper, yesterday dismissed as "demagogy, hypocrisy and perfidy" the hopes expressed by Nato leaders that the Soviet Union would use the European disarmament conference in Stockholm to seek resumption of arms control negotiations and better East-West relations.

The conference on Security and Co-operation in Europe is due to open in Stockholm on January 17. The Soviet decision to send Mr Andrei Gromyko, its Foreign Minister, to the opening session and arrange bilateral meetings with Mr George Schultz, the U.S. Secretary of State, and other Western Foreign Ministers has been welcomed in the West.

It is seen as an intimation of Soviet desire to retain some kind of dialogue following the Soviet decision to walk out of both the intermediate nuclear force and strategic arms reduction talks in Geneva as well as the Vienna MBFR talks on conventional force reductions.

The walk outs followed the initial deployment of cruise and Pershing 2 missiles in Western Europe in line with the Nato December 1979 dual track decision to deploy the new U.S. missiles failing agreement on mutual, balanced and verifiable reductions of such weapons by the U.S. and the Soviet Union.

The Pravda attack is part of a wider Soviet media campaign aimed at pursuading Soviet and world public opinion that the Soviet position on INF negotiations is unchanged and that while the Soviet Union is ready to resume negotiations it will only do so if Nato withdraws the missiles now deployed.

Pravda specifically rejected the "zero option" proposed by President Reagan under which Nato would rescind its plans to deploy cruise and Pershing missiles if the Soviet Union destroyed its SS-20 missiles or alternatively sought a balance at the lowest possible level.

The Soviet Union has insisted on trying to impose a veto over all Nato deployments aimed at counter-balancing the SS-20. But senior Western diplomats in Moscow believe that this all-or-nothing negotiating position was insisted upon by the Soviet military against the advice of some foreign policy specialists who argued that the Soviet side should have concentrated its efforts on preventing deployment of time sensitive Pershing 2 missiles on West German soil.

W. Europe 'faces possibility of gas glut'

BY IAN HARGREAVES

WESTERN EUROPE faces the possibility of a gas glut, which could break the link in price between gas and oil, according to the latest energy market forecasts from Data Resources (DRI).

DRI says that, despite a 3.5 per cent rise in gas demand in the EEC in 1983, growth will slow in the next three years, before starting to rise again after 1987.

Gas exporters, the report adds, "are unlikely to take these cutbacks lightly and they could respond by dropping prices in an effort to force sales."

The Soviet Union, which this week was due to start supplying gas to Western Europe through its tran-Siberian pipeline, would be likely to sell gas at "dumped" prices in these circumstances.

If these conditions prevailed between 1987 and 1993, DRI forecasts suggest that it would have a dramatic impact upon oil demand, causing a 7 per cent fall in consumption by the end of the century.

DRI also expects coal to continue in oversupply as more nuclear power plants are commissioned and lower oil prices discourage conversion from heavy fuel oil.

DRI projects that European hard coal production will go on falling, from 252m tonnes in 1982 to 223m tonnes in 1990. Britain, the EEC's largest coal producer, says DRI "will be forced to scale down its expansion plans and/or speed closures of existing pits." Overall coal production in Britain is forecast to remain stagnant in the 1980s.

These weak trends for the coal and gas industries will occur, DRI says, in spite of a modest recovery in total energy consumption.

DRI forecasts a 2.5 per cent increase in energy demand this year, falling back to 2 per cent in the late 1980s and 1.6 per cent in the 1990s.

Genscher injured in car crash

NONNWEILER — Herr Hans-Dietrich Genscher, the West German Foreign Minister, suffered a broken breastbone yesterday when his car left a road and overturned three times, a spokesman for his party said.

Herr Rudolf Schwidder, a spokesman for the Free Democratic Party, said Herr Genscher suffered the fracture when his car ran into slush on an autobahn near the Saarland town of Nonnweiler.

The 56-year-old Foreign Minister was being examined by a doctor at his Bonn residence last night. He may have to go into hospital.—AP

Further charge unlikely for bank chief

By James Buchan in Bonn

DR HANS FRIDERICHS, chief executive of the Dresdner Bank facing court proceedings on suspicion of corruption, is unlikely to be charged a second time, even if it is found he destroyed evidence relating to the case.

Herr Hermann Hillebrandt, a local public prosecutor investigating the disappearance of records of contributions in 1975-1977 to Dr Friderichs constituency Free Democrat Party (FDP), said yesterday that the investigation of the former Economics Minister will most probably be broken off.

Dr Friderichs, who faces court proceedings on suspicion of taking bribes from the Flick concern in 1975-77 while Minister, is suspected of having removed the account books in March of last year and destroyed them in the Dresdner Bank shredder in Frankfurt.

However, it is not an offence to destroy party documents which are more than five years old, nor can there be obstruction of justice when material is destroyed for personal benefit, Herr Hillebrandt said.

Turkey to reduce troops in northern Cyprus

ANKARA — Turkey said yesterday that it would reduce its troops stationed in northern Cyprus as a gesture intended to increase goodwill on the divided island.

The Turkish Foreign Ministry said some 1,500 servicemen would be pulled out over the next two months.

Turkey, whose invasion of northern Cyprus in 1974 led Greek-Cypriots to flee to the south has an estimated 25,000 soldiers in Cyprus. It slightly reduced its military presence there after 1977, and its last troop cut was in 1979.

On November 15 the Turkish Cypriots unilaterally declared the independent republic of Northern Cyprus headed by Rauf Denktash. Only Turkey has recognised the self-proclaimed state.

● Mr Osman Siklar, the Turkish central bank governor, has resigned, his personal secretary said yesterday.

The move had been expected since the elected government of Prime Minister Turgut Ozal took office last month.

The resignation of Mr Siklar, appointed after the military take-over in 1980, clears the way for Mr Yildirim Akturk, a close Ozal aide. Reuter

Peace women 'on hunger strike' in East Germany

BY OUR BERLIN CORRESPONDENT

MEMBERS of East Germany's small but vocal anti-missile movement said yesterday that the Government appeared determined to silence them by putting supporters on trial if necessary. The authorities last month arrested two founders of the East German Women for Peace Movement who are now said to be on hunger strike.

Frau Ulrike Poppe and Frau Baerbel Bobley are accused of passing information "detrimental to East Germany" during talks with visiting members of the British peace movement. They had protested against the Government's registration of women for possible service in the civil defence and armed services in the event of conflict.

Other peace campaigners are said to have been interrogated following the display of stickers at their homes bearing the words "nuclear free zone."

Herald Tribune plans Marseilles print run

BY ALAN PIKE

THE MANAGEMENT of the International Herald Tribune is planning to add Marseilles to the newspaper's world network of printing centres next year.

Negotiations to establish a remote printing operation in Marseilles to cover the southern Europe circulation area follow the opening of one at The Hague in October.

That brought the International Herald Tribune's printing perations to six. The other centres are Paris, London, Zurich, Hong Kong and Singapore.

Pages are transmitted electronically from the company's Paris headquarters to the centres, with production timed to enable all editions to carry the New York closing prices.

The worldwide circulation of the International Herald Tribune is about 150,000, with 76 per cent of the readership in Europe and 13 per cent in Asia.

Lisbon lifts price curbs on cup of coffee

By Diana Smith in Lisbon

THE PORTUGUESE Government has freed price controls on cups of coffee, sandwiches, cakes, buns and other items on sale in cafes or patisseries.

The move ends 60 years of such controls, and is seen as an attempt to let market forces exert influence in a high consumption area.

If experience shows that competition helps the quality and quantity of products and services in cafes and bars, the government of Sr Mario Soares will free price controls in other areas.

Before the controls were lifted, cafes charged Esc 17 (9 pence) for a demi-tasse of black coffee known as the "bica."

It is thought that many establishments will raise their prices

Consumer protection organisations in Portugal have little muscle, and the decision to ease price controls may give them a boost.

Viewdata comes to the West German farm

BY JOHN DAVIES IN FRANKFURT

WEST GERMAN farmers, already among the best equipped in Europe, are moving steadily into the electronic and video era.

With gumboots and tractors long just standard gear, a select few now are being helped to acquire viewdata equipment, known in West Germany as Bildschirmtext (BTX).

Under this system, they can use a television screen attached, via a modem, to a telephone to call up a wide range of information intended to be useful down on the West German farm.

A pilot project is under way in Bavaria, where 21 farms of various types and sizes have obtained BTX equipment with the aid of the state's agricultural ministry and local farm organisations.

A similar but smaller scheme operates in the far north, in the state of Schleswig-Holstein.

A more ambitious project is being planned by the West German Farmers' Association, which intends to help about 100 farms in Bavaria, Schleswig-Holstein and North-Rhine Westphalia to take part in a BTX trial starting in the next few months.

Dr Helmut Born, an official of the Farmers' Association, said yesterday that the trial would run for about a year and the results would be analysed by a university expert in Kiel to help determine how viewdata can best help farmers.

Although farmers taking part in these various projects may be helped to obtain the BTX equipment, they face the cost of the telephone calls themselves.

The Bavarians now can call up about 4,000 pages of information, including current market prices for produce and meat, and local weather forecasts.

In future, it may be possible to call up data on animal illnesses and how to deal with them.

BTX is one of the favourite projects being pressed ahead throughout West Germany by the Bundespost, the country's postal and telecommunications authority.

By the end of 1986 the Bundespost expects to have spent DM 500m (£127m) to lay the technical basis for the system, which it believes will prove useful to many small and medium sized businesses.

Swiss economy 'will recover by end of 1985'

BY ANTHONY McDERMOTT IN GENEVA

THE SWISS economy will have recovered by the end of 1985 from the damage caused by the oil price rise of 1973-1974 and 1979. That is the broad conclusion of a study published by the Centre de Recherches Economiques Appliquees (Crea), which is part of the University of Lausanne and one of Switzerland's more respected forecasting centres.

Providing external circumstances are favourable—and in the same publication Crea forecasts over the same period a moderate improvement in the economy of West Germany, Switzerland's main trading partner—a growth rate of between 3 and 2.5 per cent is foreseen over the next two years. This would be a level reached only once, in 1980, over the past decade. This year, according to Crea, growth was virtually zero.

This improvement will be largely due to increases of exports of goods and services by 4 per cent in 1984 and 6 per cent in 1985. In 1983 these exports were worth SwFr45.6bn (£15.2bn); in 1985 they should pass the SwFr 50bn mark.

Chemical exports are expected to rise by 6 and 8 per cent respectively in the two coming years; those of textiles by 5 and 6.6 per cent; those of the struggling watch industry by 2 and 3.5 per cent, and those of machine tools by 1.2 and 6.3 per cent.

Inflation, which is running at about 1.5 per cent, is likely to rise moderately next year to between 2 and 2.5 per cent, and again in the following year.

Switzerland's role, as an important net importer of capital is unlikely to change remarkably. Crea estimates that this amounted to SwFr 6.9bn this year and that it will rise marginally next year to SwFr 7.2bn and fall slightly in 1985 to SwFr 7.1bn. In 1983, this was equivalent to 3.3 per cent of the country's gross national product.

Austrian forecast is revised

FRANKFURT—Austrian economists expect that the Government's tax package, which took effect on January 1, will hold economic growth to a ½ per cent rise this year, according to a year-end survey by Creditanstalt-Bankverein, the country's largest commercial bank.

A growth rate of ½ per cent in real terms must be expected for 1984, the bank says.

It adds that the estimate was revised downward from forecasts issued before the Government's adoption of the new tax scheme last September. For 1983 the bank projected economic growth of nearly 1 per cent. AP-DJ

Romania plans growth rate of more than 7%

BY LESLIE COLITT IN BERLIN

ROMANIA plans economic growth of more than 7 per cent this year, the most ambitious target of any East European country. Last year's planned rise in national income, similar to GNP minus services, was 5 per cent, but results have not yet been disclosed. Czechoslovakia, too, is forecasting an increase in economic growth this year.

Since 1980, when an 8.8 per cent rise in Romania's national income was planned and 2.5 per cent achieved targets have been more ambitious than results.

In 1981, the plan was for national income increase of 7 per cent, but the result was 2.1 per cent. In 1982, the plan was for 5.5 per cent growth and 2.6 per cent was achieved. The Romanian plan for 1984 also includes a target of 9.9 per cent growth in industrial production.

Czechoslovakia said it planned to boost national income by 3 per cent this year compared with a target of 2 per cent for 1983. Results have not yet been published for last year.

● Romania's currency, the leu, has been devalued by about 4 per cent against the U.S. dollar, AP reports from Bucharest.

Honecker says growth in East Germany was 4.3%

BY OUR BERLIN CORRESPONDENT

THE EAST GERMAN economy grew by 4.3 per cent last year, according to President Erich Honecker, the East German leader. That fulfilled the planned target of 4.2 per cent and achieved the second highest growth rate in Comecon after Bulgaria. Energy and raw materials consumption was reduced by 7 per cent.

Production controlled by the industrial ministries rose by 4.6 per cent compared with the target of 4.5 per cent. Net output, a new indicator of profitability, rose by 6.6 per cent.

Over-fulfilment of the plan is frequently the result of its downward revision during the year.

The East German leader said the country again achieved a hard currency surplus "in excess of" DM 1bn.

East Germany reduced its net hard currency debt to Western banks by some $1bn to $7.9bn in the first half of 1983 according to the Bank for International Settlements. Supplier credits must be added to this as well as the DM 4.5bn in East Germany's cumulative trade indebtedness to West Germany.

Danish exports show rise

DENMARK'S gross domestic product increased by 2 per cent in constant prices and by 9.5 per cent in current prices to Kr 515.6bn from 1982 to 1983, slowing from a constant price growth rate of 3.6 per cent from 1981 to 1982, according to preliminary estimates by the Bureau of Statistics, writes Hilary Barnes in Copenhagen.

Exports in real terms were up by 3.5 per cent, compared with 2.5 per cent in 1982.

Low tax cuts and high public spending have put the Prime Minister's uneasy coalition under pressure, reports **Fay Gjester** in Oslo

Promises, promises, say Norwegians as Willoch's popularity plummets

MR KAARE WILLOCH, the Norwegian Prime Minister who heads an uneasy Centre-Right coalition formed only half a year ago, is losing popularity with the voters. Twenty per cent of them feel he is doing a "poor" job of leading the country, according to a poll published this week. Only 28 per cent rate him as "good," while 45 per cent say his performance is "medium."

Other polls show dissatisfaction with the tax cuts given since the Conservatives took office in autumn 1981 after a campaign in which the party promised to slash taxes by NKr 7bn (£632m) over the four years to 1985.

The Conservatives have now been managing Norway's economy for more than two years, first as a minority government, then, since last June, as the senior partners in a three-party coalition that also includes the small Centre (agrarian) and Christian Democrat parties. They have not brought the radical changes in economic policies which many of the party's supporters had hoped to see.

As well as promising substantial tax cuts, the Conservatives said they would work to slow inflation and curb public spending. But the draft budget for 1984, tabled in October, showed a deficit even after including oil revenues. It was the first deficit budget proposed by any Norwegian government, socialist or non-socialist, since 1979. Bankers, businessmen and industrialists warned that it would fuel inflation and reduce Norwegian companies' competitiveness.

Last month, after getting the budget proposals passed almost unchanged through the Storting (Parliament) Mr Rolf Presthus, the Conservative Finance Minister, was able to announce a small piece of good news. The budget for this year is now expected to show a modest surplus instead of the predicted NKr 1.1bn deficit.

The budget will move into the black, because petroleum revenues will be higher than originally forecast. Last year, both oil and gas output prices in krone were higher than initial cautious estimates — and this year's petroleum tax revenue will be correspondingly higher as petroleum taxes are paid in arrears. The high prices for petroleum reflect the continuing strength of the U.S. dollar, which recently reached a new post-war high against the Norwegian krone.

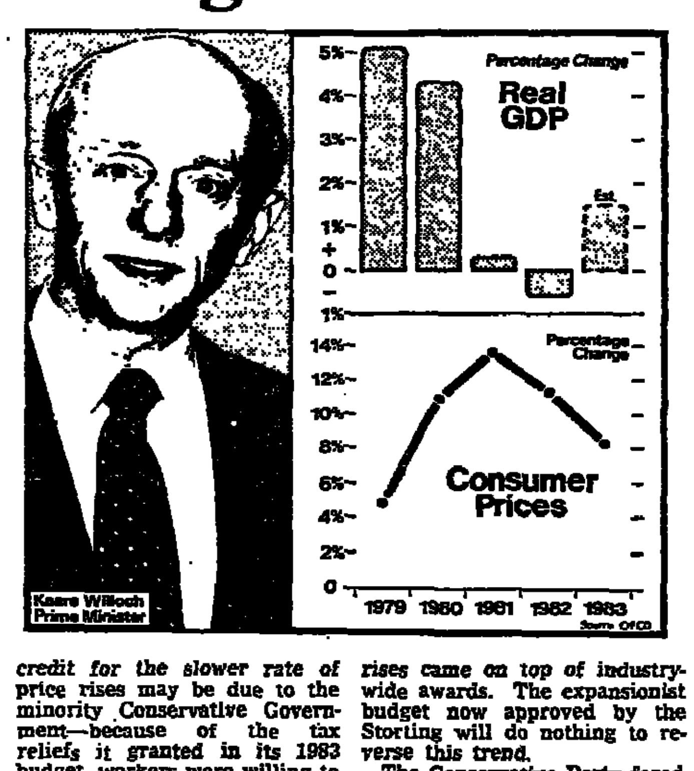
The budget's impact on the domestic economy can be gauged only if petroleum revenues are disregarded. Excluding oil revenues, the budget still shows a deficit of NKr 24.9bn—equal to 7.3 per per cent of this year's gross national product. Public sector spending — slated to reach NKr 170.1bn in 1984—is still running far ahead of revenues from "mainland Norway."

Norwegian Government spending will account for about half GNP this year, exclusive of oil and shipping. Tax levels are still higher than in most OECD countries. Personal income tax cuts this year will only just match the expected rise in prices.

The Conservative majority in the Cabinet is shackled by the constant need to compromise with its Centre and Christian Democrat allies. These two parties, representing sectional interests, are reluctant to cut spending which helps lame duck industries, fishermen, farmers or the health services.

Leader writers in the Conservative Press sneeringly call them the "expenditure party" and some discontented Tory supporters are now saying that their party would be better off ruling on its own as a minority Government than in a coalition where it has to share the blame for compromises.

The drive to slow inflation has had some success. The average inflation rate has declined from 13 per cent in 1981 to 11.3 per cent in 1982, to an estimated 8.5 per cent last year, but although it is still going down, it is still higher than in most of Norway's competitor countries. Part of the



credit for the slower rate of price rises may be due to the minority Conservative Government—because of the tax reliefs it granted in its 1983 budget, workers were willing to accept relatively moderate pay increases in the spring wage bargaining round.

The country is still, however, experiencing strong wage drift, where locally negotiated pay rises came on top of industry-wide awards. The expansionist budget now approved by the Storting will do nothing to reverse this trend.

The Conservative Party fared badly in the September local elections, and has continued to lose ground in opinion polls. Right-wing voters are disappointed that taxes have not been cut more sharply. Many of them have swung further right, to support the radical, anti-tax Progress Party.

Working-class voters, on the other hand, have moved back into the Labour fold. They see the Conservatives' commitment to lower taxes as a threat to the welfare state. They are also seriously worried about unemployment

By international standards, Norway still enjoys virtually full employment. At the end of November, registered unemployed numbered 62,600—only 3.7 per cent of the labour force. Norwegians regard this as intolerably high, however.

Because Norway's social security system is not designed to cope with long-term unemployment, an increasing number of people are no longer entitled to the dole. Instead, they have to live on public assistance—a new and humiliating experience. Welfare offices cannot cope.

The Government is not indifferent to the job problem. It is spending heavily on work creation schemes, without which unemployment would probably have passed the 100,000 mark. It refuses, however, to accept the opposition Labour Party's prescription for the economy of a substantial, general boost to public spending, to increase demand.

Instead, it hopes to foster expansion in business and industry, thus creating more "real" jobs. The 1984 budget contained a number of measures aimed at stimulating investment in shares and encouraging industry to increase investment and improve competitiveness.

The next Parliamentary elections are not due until September, 1985. The coalition thus has almost two years in which to "get Norway moving again" as it promised. Its Conservative leaders, constrained by the constant need to compromise with the two smaller parties, will probably continue their present cautious, middle-of-the-road policies, pleasing neither the Right nor the Left.

Whether these policies will succeed will depend largely on developments beyond the Government's control. One is the world price of oil—petroleum exports now account for a third of Norwegian exports, and petroleum revenues are a sixth of Government income.

The other major factor is world demand for Norway's traditional goods. Here, recent trends have been encouraging. Production and exports of key products, like aluminium, ferro alloys and forest products, are all up, and the companies making them are forecasting considerably better results than in 1982.

GNP (excluding oil and shipping) is now expected to increase by 1.75 per cent from 1983-84, compared with last year's rise of only 0.5 per cent and private consumption is also expected to grow by 1.75 per cent.

Norway's heavy industry can expected to benefit, over the next couple of years, from a large volume of oil-related orders. Several important offshore development projects are just getting under way and their spin-off, in job terms, should be considerable. If gas field development is delayed by inadequate price offers, the Norwegians will speed up exploitation of the largo Gullfaks oil field instead.

In the 1985 elections, jobs and taxes are likely to be the two main issues. If unemployment holds steady, or even falls slightly, voters could give priority to the hope of lower taxes—or the fear of higher taxes—and grant the coalition another four years in power. Any significant increase in the numbers out of work will, however, almost certainly put Labour back in office.

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OVERSEAS NEWS

Northern Nigerians head coup team

By Quentin Peel, Africa Editor

THE NEW Supreme Military Council in Nigeria which was sworn in yesterday, is dominated by senior officers from Northern Nigeria, several of whom played prominent parts in the military Government before 1979. The council includes three major-generals apart from its chairman, Major-Gen Mohammed Buhari, who was military governor of Borno State, then Commissioner for Petroleum under Gen Olusegun Obasanjo.

Major-Gen Ibrahim Babangida is a Moslem from Niger State, and was also a member of the Obasanjo Supreme Military Council. He is well regarded as an able officer, and played a key role in thwarting the attempted coup of 1976 when Gen Murtala Mohammed was assassinated. He has been named as Minister of Defence.

Another key figure in the new administration will be Major Gen Domkat Yah Bali, also a northern Moslem, who was commander of the staff college at Zaria until September 1983.

The other top-ranking officer is Major Gen Mamman Vatsa, former quartermaster-general, who comes from Abuja, the site of the new federal capital.

Apart from Gen Buhari and Gen Babangida, the other former member of the Obasanjo military council is Air-Vice-Marshal Ibrahim Alfa, Chief of Air Staff, who was formerly head of Strike Command.

The brigadiers include several known names, including Brig. Mohammed Magoro, who was Commissioner for Transport in the former military government, and Brig. Saleh Abacha, a Moslem from Benue State, who made the first announcement of the coup over Radio Nigeria.

The only Yoruba is Brig. Olo Oni, who was a captain in the Federal Nigerian Army during the civil war, and is a close associate of Gen. Akinrinade, the retired Nigerian Chief of Staff.

The only others on the new military council not from the north are S. M. Inyang, the new Inspector-General of Police, who comes from Cross River State in the east; and Commodore Augustin Aykomo, Chief of Naval Staff, from Bendel state in the mid-west.

New Year price rises enrage Tunisians on the breadline

BY FRANCIS GHILES

FOR THE southern Tunisian town of Gafsa, January has been a cruel month. This week it suffered riots along with a string of nearby towns, over the large increase in the price of bread introduced on New Year's Day. Three years ago, the town was the target of a well-planned raid by Tunisian dissidents, backed by Libya.

Two years before that, strikes in the Redeyef phosphate mines nearby sparked off a trial of strength between the country's only trade union and the Government, and scores were killed during riots in the streets of Tunis.

The cause of this week's rioting is the increase of more than 100 per cent in the price of bread and flour. Cutting subsidies on basic foodstuffs, the cost of which has been growing by an average of 26 per cent a year since 1976 reaching Dinar 188m (£183m) in 1983, was a necessity, but doubling prices at a stroke after 25 years of stability was always likely to cause trouble.

The south west of the country where many of the riots took place is traditionally the porest. It has the highest unemployment rate and many workers leave for the more prosperous coastal towns and nearby Libya. It has suffered drought this year and in towns south of the Chott El Djezid lake, a disastrous date crop. Many people in Douz, Kebili and El Hamma live very close to the breadline indeed.

The Tunisian hinterland has not benefited much from the economic development which has lifted the country's per capita income to about $1,500 since independence in 1956. Tunis, the capital, and the coastal towns have absorbed most of the new wealth. In Tunis, Sousse and Sfax a network of light industries, especially textiles and light mechanical factories, have sprung up and along the coast around Sousse and Hammamet and on the island of Djezba further south, hundreds of hotels attract up to 2m foreign visitors every year.

Heavy industry, fertilizer plants, sulphuric and phosphoric acid maker, an oil refinery and a steel mill—are concentrated in Gabes, opposite Djezba, in Sfax and around the old naval base of Bizerta, north of Tunis.

This regional disequilibrium has inspired planners in Tunisia to joke that if the growth along the coast continues unchecked, it will sink into the sea. The problem has been compounded by the favour given by President Habib Bourguiba, who has

ruled Tunisia since 1957, to his home town of Monastir and nearby Sousse. People from these two places hold a disproportionate number of jobs at all levels of public administration.

Tunisia has no real agriculture policy, an area where the interests of other Tunisians could be met. The increase in investment in this sector, from 13 per cent to 79 per cent in the current plan, will do little to solve the fundamental problems of farmers. Land reforms are badly needed but the disastrous results of the 1960s collective farm policies have made any serious discussion of reform taboo.

The large landowners, often stalwarts of the ruling party, who rent state land at very little cost, tend to reinvest their profits in property or manufacturing. Smallholders who still account for half the working population use very archaic methods and their fields are shrinking as a result of inheritance practices.

The neglect of agriculture, combined with the fast development of tourism and manufacturing, has accentuated a division which has deep historical roots. Tunisia's only trade union is more interested in defending the purchasing power of the new white collar and working class, despite the strength of its base among the phosphate miners; nobody defends the interests of the hinterland.

There are two main problems contributing to the present outburst of rioting. The first is the political manoeuvring already going on in relation to the succession to President Bourguiba, aged 81, and in bad health. Constitutionally, the succession should pass to Mr Mohammed M'Zali, the Prime Minister.

But since he was appointed nearly four years ago, M M'Zali has spent much of the time asserting his authority against the powerful wife of the President, Mme Wassila Bourguiba and against other ministers who report directly to the "combattant supreme" as President Bourguiba is known.

Last year M M'Zali succeeded in ousting M Mansour Moalla the able but idiosyncratic Minister of Planning. A few months later M Azouz Lasram, the urbane and quick-witted Minister of Economic Affairs, resigned. These departures left the Prime Minister with more authority over his Cabinet, but lacking the advice of two key economic ministers. The decision to impose such harsh price rises suggests that the Government has now misread the mood of the people.

The Prime Minister is himself no economist and may not have taken seriously enough the warning of lean years ahead expressed in the annual report from Tunisia's central bank last August. After the Government had granted wage rises of around 30 per cent to basic wage earners in 1981 and 1982, some Ministers seemed to be looking forward to an easy time politically, but the rises only succeeded in pushing the inflation rate into double figures for the first time since independence.

Lower output and prices for oil, Tunisia's major hard currency earner, a decline in the number of foreign tourists, increasingly put off by the high level of the Dinar, poor crops, and a slowing down of the manufacturing sector have all cut the country's foreign income.

The trade deficit deteriorated, rising by 23.7 per cent to Dinars 738m during the first 10 months of last year. This forced the Tunisian Government to restrict imports of certain raw materials and semi-finished goods to 80 per cent of 1982 volumes late last summer and to announce a series of measures aimed at boosting exports.

The downturn in economic activity has not so far affected the middle classes of those with secure posts in the civil service. But those 20-25 per cent of Tunisians, in the cities and countryside, who have no job—or only a part-time one—are already facing a more difficult fight for survival than two or three years ago.

But the central question mark for the future of Tunisia remains the attitude of President Bourguiba. One of the longest-serving heads of state in the world, he shows no sign of wishing to relinquish power. He recently stated that he hoped to continue in office beyond his 90th birthday.

The President has served his country well, better than most in the Arab world, but the path of democracy, which he has timidly trod, is unlikely to run its course so long as he remains at the helm. He has proved a master at making all potential successors politically impotent. What was a guarantee of stability for a newly independent nation 25 years ago is now a heavy cross to bear.

The constant praise heaped on the man who once declared himself to be a "genius" infuriates young Tunisians, who make up half the population. They know that politics in the ruling class consists essentially in currying favour with the presidential palace in Carthage and jockeying for power. Corruption has increased in recent years and the country's voice is seldom heard in Arab councils.

The "fin de règne" atmosphere which permeates Tunis could well tempt what has been a very disciplined army and that would be a sad epitaph to what has proved, until now, to be a 27-year Third World success story.

Israeli economy is sliding into chaos, opposition claims

BY DAVID LENNON IN TEL AVIV

ISRAEL'S Opposition Labour Party warned yesterday that the economy is sliding towards chaos and that the Government is losing control of the situation. The only solution is a change of government, the party said.

But Dr Moshe Mandelbaum, governor of the Bank of Israel, while critical of Government overspending and its failure to curb inflation, said that the situation is serious but that the economy is not on the verge of collapse.

Legislation should be introduced to limit or prevent the Government from printing money, he declared. The Government printed Shekels 28bn (£180m) in December to finance the excess of spending over revenue.

Dr Mandelbaum believes that the excessive flow of money into the economy has been fuelling Israel's inflation, which is nearing an annual 20 per cent.

He also said that the Treasury should put as much emphasis on fighting inflation as it is on trying to reduce the balance of payments deficit.

The spreading strike in the Civil Service, the public outcry over massive increases in banks' interest rates on overdrafts and the collapse of the public faith in the Government are leading to anarchy and endangering democracy, the Labour Party went on.

The Cabinet's inner economic committee decided yesterday that each Government Minister should try to cut his office budget by 9 per cent. A number of Ministers have said that such cuts are too high and it is far from clear if the 9 per cent cut will be carried into effect.

The Ministers meet again on Friday to continue their discussions on the budget for the coming fiscal year. Failure to make cuts in the budget could result in a deepening of the economic crisis, which even the Finance Ministry officials admit is deeply worrying.

One expression of the growing problems of the economy was the announcement by the Bank of Israel that the foreign debt grew by $2bn (£1.2bn) in the 12 months ended in September, to bring the total to $22bn.

Using the Central Bureau of Statistics method of calculation, the total debt is actually about $30bn.

Israelis are increasingly unhappy about Government spending on Jewish settlements in the Arab West Bank, an opinion poll said yesterday, Reuter reports from Tel Aviv.

The poll, in the Jerusalem Post, said 72 per cent of those questioned thought the settlements budget should be the first item to be cut in a national austerity programme being prepared.

The Right-wing Government says its settlements drive in occupied territory, condemned by the U.S. and most of the world, cost taxpayers about $400m (£266m) last year.

The Jerusalem Post survey said 52 per cent of Israelis also wanted spending to be trimmed on the Lavie fighter plane programme.

Angola seeks UN debate on South African attacks

PRESIDENT JOSE EDUARDO DOS SANTOS of Angola has called for an urgent meeting of the UN Security Council to discuss South African attacks in Southern Angola, Reuter reports from Lisbon.

The official Angolan news agency Angop said yesterday the request was made in a letter to Sr Javier Perez de Cuellar, UN Secretary-General, dated December 31 and handed over by Ambassador Elisio de Figueiredo on Monday.

South African troops kept up pressure yesterday in an extended search operation in the southern Angolan bush for some 1,000 black nationalist guerrillas who Pretoria believes are trying to infiltrate Namibia, South African Defence officials said, Reuter adds from Johannesburg.

South Africa announced Monday that 14 of its men—nine whites and five blacks—had died so far in the offensive which began on December 6.

Bangladesh expels more Russians

BY SAYED KAMALUDDIN IN DHAKA

BANGLADESH YESTERDAY expelled a second batch of nine Soviet citizens, including five diplomats, on charges of being involved in "prejudicial activities."

The first batch of five Soviet citizens, including four diplomats, of whom two were alleged to be top Soviet agents, were expelled on December 26.

Bangladesh, with the lone exception of Iran, is the only non-aligned, Third World country to have formally expelled Soviet diplomats on charges of being involved in other than their normal diplomatic activities.

In addition to the expulsions, the Bangladesh Government has also closed down the Soviet consulate-general office in the port city of Chittagong and the Soviet cultural centre in the capital city of Dhaka.

The Soviet nationals expelled yesterday include a Soviet counsellor, a military attaché, two first secretaries, a second secretary, and two engineers.

Bangladesh had asked the Soviet Ambassador in late November to close down the Soviet Cultural centre in Dhaka and reduce the Soviet embassy staff by 50 per cent.

The Government apparently wanted the Embassy to do so voluntarily without any fuss, but the Soviet Ambassador demanded that he be given a written notice for sending his Embassy members home.

Two Ministers demoted in Zimbabwe

By Our Harare Correspondent

ZIMBABWE'S Prime Minister, Mr Robert Mugabe, last night announced his long-awaited Cabinet reshuffle, reflecting a shift towards presidential government and the demotion of at least two key Ministers.

Public attention is likely to focus on the demotion of Dr Herbert Ushewokunze, the controversial Minister of home affairs, who has been shifted to the technical post of Minister of Transport.

Dr Ushewokunzwe started his career in the Mugabe Government nearly four years ago as Minister of Health. He was dismissed in October 1981 after publicly criticising the public service, but then brought back into Government early in 1982 in the powerful post of Minister of Home Affairs, responsible for the police.

Dr Ushewokunze has been replaced as Minister of Home Affairs by the moderate former Justice Minister, Mr Simbi Mubako. A second significant demotion is that of Dr Simba Makoni, currently Minister of Industry and Energy Development, who has been down-graded to the post of Minister of Youth, Sport and Culture.

Arafat policy talks end

TUNIS — The central committee of Mr Yassir Arafat's Fatah guerrilla group has ended a three-day meeting on the movement's future and was expected to issue a communique, a Palestinian official said.

The gathering was the first of the 11-member body since Mr Arafat's forced evacuation from the northern Lebanese port of Tripoli and his meeting with Egypt's President Hosni Mubarak in Cairo two weeks ago.

The central committee meeting was held behind closed doors, but Mr Khaled Al Hassan, a committee member and chairman of the Political Affairs Committee of the Palestine National Council (parliament in exile), told the Tunisian news agency, TAP, yesterday that "total agreement" was reached on all issues discussed.

Earlier, a Palestinian official quoted another participant as saying the "discussions had not been easy."

Reuter

BUSINESS BOOSTS ROLE IN BLACK TOWNSHIPS

S. Africa sells off liquor outlets

BY BERNARD SIMON IN JOHANNESBURG

ONE OF the biggest sales of state-owned assets to private enterprise in South Africa is in full swing following the acceptance by several local authorities of bids for the purchase of liquor outlets in black townships.

The East Rand Administration Board, among the largest of the 14 boards responsible for the management of black townships in the urban areas, has awarded tenders worth R19m (£11m) for the purchase of 25 liquor stores and bar lounges.

Similarly, the Eastern Cape Board is to sell its 22 outlets for around R11.5m. The West Rand Board, whose area includes Soweto, will call for tenders within the next month or two for 28 bottlestores, three bar lounges, one hotel and 10 dormant outlets damaged during the unrest in 1976-77.

The disposal of the administration boards' liquor outlets is part of Government policy to withdraw as far as possible from direct competition with private business.

The sales, which are likely to continue for most of 1984, have important implications for the financing of black local authorities and for black business in South Africa.

Liquor revenues are at present the administration boards' largest single source of revenue.

The boards collected a total of R186.2m from liquor sales last year, more than one-third of their total income. These figures exclude the boards' sorghum beer business, which will remain in their hands for the time being.

No decision has yet been taken how to compensate the boards for the loss of revenue once the liquor outlets are operated by private entrepreneurs. Part of the sale proceeds may be returned to the boards by the central government to help set up capital development funds.

The authorities are also considering some form of local authority taxation, applicable to white and black urban residents.

Although the purchase of outlets is restricted to black businessmen, many of the tenders accepted so far have come from so-called "51/49" partnerships, in which blacks have a majority shareholding but depend on white minority shareholders for financial assistance and managerial skills.

There is considerable concern among blacks that some tenderers are merely acting as fronts for powerful white interests, and some white companies are known to be backing more than one black bidder.

The National African Federated Chamber of Commerce, which favours 100 per cent black financing and control, has called for a boycott of several "51/49" ventures in the liquor and grocery sectors.

In an effort to block criticism of these partnerships, the Government insists that white financiers withdraw within a specified period of time, ranging up to 30 years in the case of multi-million-rand ventures.

Jackson's success in Syria deals blow to Mondale camp

BY STEWART FLEMING IN WASHINGTON

Rev. Jackson . . . dramatic boost to campaign

THE REV. Jesse Jackson has given his faltering Presidential election campaign a dramatic boost with the success of his controversial and much maligned trip to Syria, aimed at securing the release of the captured U.S. airman Lieut Robert Goodman.

Even before his return to the U.S. which was scheduled for early this morning, Rev Jackson seemed assured of a folk hero's welcome for Americans revel in the sight of underdog taking on the might of the establishment and emerging victorious.

There will not be much rejoicing, however, in the White House or in the offices of Rev Jackson's rivals for the Democratic Presidential nomination. While he is given no chance of actually securing the party's Presidential nomination, he has always been seen as a wild card in the pack of Democratic candidates and one who can make life difficult for the others, in particular for front runner, Mr Walter Mondale.

Mr Mondale was already suffering the effects of Rev Jackson's success yesterday. The black former civil rights leader's coup seemed destined to grab the headlines and replace what the Mondale group had billed as a major foreign policy speech by the former Vice President.

With the first Democratic primaries only eight weeks away, Rev Jackson can expect to see his Syrian adventure pay off in the polls. If, as many predict, the major loser from a stronger Jackson campaign is indeed Mr Mondale, then the Democratic race for the Presidential nomination is a lot more open today than it seemed just before Christmas.

For President Reagan, the problems posed by Rev Jackson's success are rather different. His visit to Damascus presented Syrian President Hafez al Assad with an opportunity to go over the heads of the U.S. Government and, in effect, make an emotional appeal to the U.S. people.

It was the looming danger that the shrewd Syrian President would seize this chance which led to violent condemnations of Rev Jackson's visit in the leader columns of a wide cross section of the U.S. Press before he left.

The New York Times, for example, with uncharacteristic ferocity, described Rev Jackson's role as "contemptible" and an effort to use Lieut Goodman as "media bait."

Few would argue today, however, with the judgment of Mr Robert Paganelli the U.S. ambassador to Syria, who, when asked about the repercussions of the Syrian move on U.S.-Syrian relations replied yesterday "an event of this magnitude, from all practicalities, cannot avoid having an effect."

At a stroke, Rev Jackson, with the warm praise he bestowed on Mr Assad and the criticism he has voiced of the Reagan Administration for doing "less than its best in the face of a crisis" has added to the mounting pressure on the Administration to pull U.S. troops out of Lebanon.

The Syrian move will make it more difficult for the U.S. to carry out the sort of reconnaissance flights over Lebanon which led to the shooting down of Lieut Goodman's plane last month, and thus tends to weaken the military stand of the Reagan Administration's diplomacy in Lebanon.

Rev Jackson even managed to kill any hopes the Administration might have harboured of turning the release of Lieut Goodman into a Presidential victory. With political cunning, Rev Jackson recommended that the President receive Lieut Goodman at the White House.

Jamaica fails to finalise credit aid

By Canute James in Kingston

NEGOTIATIONS between Jamaica and the International Monetary Fund (IMF) for a standby credit facility have not been concluded on schedule and will continue later this month.

Mr Edward Seaga, the island's Prime Minister and Finance Minister, said last month that the negotiations for the credits totalling $180m would be concluded by December 22.

In disclosing that the discussions were taking longer than planned, Mr Seaga did not give a reason. Local bankers have suggested that this may be due to the conditions which the IMF is attaching to the credit package.

In clearing the way for the discussions, Jamaica devalued its currency by 43 per cent in November. As a consequence, petrol prices have been increased by 50 per cent, following a 30 per cent rise last June. Electricity rates are going up by 40 per cent.

The new petrol prices led to several demonstrations in rural parts of the island over the weekend.

British group may buy into U.S. satellite

By Peter Marsh in London

A SMALL British company may take a financial stake in a privately run U.S. satellite that takes photographs of the earth. With the pictures, companies can monitor crop growth or spot minerals deposits.

Nigel Press Associates, of Edenbridge, Kent, is discussing with Space America, a company near Washington DC, a plan to support financially a spacecraft that is due to enter orbit in 1986.

The vehicle would be one of the world's first remote-sensing satellites to be operated privately rather than by a government agency.

Computer tapes of data from the vehicle would be sold to customers such as farmers, oil companies or mapping organisations.

Insolvent Honduras counts the cost of backing Washington

BY TIM COONE, RECENTLY IN TEGUCIGALPA

President Suazo Cordova . . . appeal for aid.

"U.S. bases out of Honduras" says a forlorn slogan sprayed on a wall in downtown Tegucigalpa, the Honduran capital. Forlorn, because it is signed by one of the small recently active guerrilla groups which have suffered heavily in army sweeps over the past five months.

The average Honduran has little interest in guerrilla war and is relatively happy about the thousands of U.S. soldiers who have been in the country since August, spending their dollars and bringing a relative sense of security.

But the first rumblings of disquiet over the exact nature of U.S. involvement in Honduras are now beginning to show in wider circles than the guerrilla groups.

Sr Jose Arturo Reina, a disaffected leader of the ruling Liberal Party and now leader of a new political movement, the Reinistas, says: "Honduras has lost its independence to serve the interests of the U.S. In return for our militarisation we expected full financial support. That hasn't come and now we are in a crisis."

The Honduran Government, under the influence of the armed forces chief, General Gustavo Alvarez, has become pivotal in the furtherance of U.S. foreign policy interests in Central America.

It has turned a blind eye to the presence of U.S.-backed Nicaraguan counter-revolutionary bases on its territory, has backed the U.S. in international forums and through the build-up of its own and American military forces in Honduras and has helped to intimidate the Left-wing Sandinista's Government to the south.

The extent of the country's economic crisis was emphatically put in letters recently sent to President Ronald Reagan and the Kissinger bilateral commission by Sr Roberto Suazo Cordoba the Honduran President. The letters were drafted by a group of businessmen and politicians close to Gen Alvarez and appealed for $400m in direct financial support over the next three years. A U.S. aid official in Tegucigalpa said the figure was "not exaggerated."

The U.S. has been reluctant to respond. Corruption in the country's administration has run up embarrassingly large foreign debts, defaults on which have stymied further re-negotiation. Some 50 per cent of U.S. aid is being held up because of Honduras's failure to comply with requirements of the International Monetary Fund especially on Government spending and the lack of matching funds is preventing the flow of finance from the World Bank and the Interamerican Development Bank for infrastructure projects.

U.S. proposals for Honduran economic recovery include the privatisation of much of the state sector, especially forestry, and the opening up of the country to foreign investment. U.S. aid officials are now working in the central bank to evaluate economic policy options and, according to an embassy document, devaluation is high on the agenda.

A bilateral investment treaty is presently under negotiation which is reported to contain articles preventing the expropriation of foreign investments or increases of taxation on foreign companies. Further increases in U.S. economic aid are likely to be linked to these recommendations. In return, the linkage to IMF conditions, especially regarding Government spending, would be eased.

Otherwise sympathetic business leaders such as Sr Leonel Bendek, president of the National Association of Industrialists, are concerned. "U.S. investors will be getting better guarantees than we will have ourselves," he said. "In any treaty there have to be benefits for both sides and we don't want to lose our sovereignty in these matters."

Unemployment has now reached 21 per cent of the workforce and, underemployment affects 50 per cent of families. Agrarian reform—a critical issue for tens of thousands of landless peasants, is paralysed, and this week Gen Alvarez said he did not rule out the possibility of a war with Nicaragua.

"We now have a war economy," said Sr Roberto Lopez, a Christian Democrat leader. "That is where we are going."

Argentina outlines debt strategy

BY OUR BUENOS AIRES CORRESPONDENT

AFTER ONLY three weeks in power, Argentina's new civilian Government has already outlined a broad strategy for rescheduling $16bn to $18bn of some $19bn-$21bn due in service payments on foreign debt this year.

The figures mentioned by Sr Bernardo Grinspun, the Economy Minister, are deliberately vague since the Government is still drawing up an inventory of debts accumulated rapidly in seven years of military rule.

Sr Grinspun has estimated the total external debt at $40bn to $45bn (£28bn-£31bn).

The Government's first premise is that, assuming a trade surplus of $3.5bn in 1984, Argentina will be able to make $3bn of debt service payments from its own resources. (Some $500m will be set aside to boost the country's meagre reserves.)

The rest — $16bn to $18bn — will have to be rescheduled or paid with the help of new loans from the International Monetary Fund (IMF) and Argentina's 320-odd creditor banks.

The Radical Government has already announced its firm intention to seek an Extended Fund Facility from the IMF to follow on from an existing standby agreement, which was virtually suspended six months ago.

It is also trying to revive the standby agreement in the hope of receiving $1bn of blocked IMF funds, but Sr Enrique Garcia Vasquez, the central bank president, admitted after a recent visit to the U.S. that this process would be more difficult than expected.

Although President Raul Alfonsin has loudly proclaimed that Argentina will not be forced by the IMF into adopting recessive economic policies, he has shrewdly anticipated pressures from the fund.

Shortly after being sworn in, the President announced his intention to slash the budget deficit from more than 14 per cent of gross domestic product (GDP) at present to 4 per cent by the target specified in Argentina's 1983 standby agreement. Argentina's trade surplus will obviously be insufficient to pay some $5bn-$6bn of interest falling due in 1984, plus $2bn of foreign payments arrears accumulated in the last quarters of 1983.

The IMF extended facility—worth about $1.8bn in 1984—and an unspecified amount of fresh loans from the commercial banks, will be used to cover this difference.

The Government is determined to secure lower interest rates and longer repayment terms on all principal falling due in 1984. This will be a major issue in future negotiations.

Bar on Brazil uranium plant

By Our Sao Paulo Correspondent

THE FRENCH Government is reportedly withholding clearance for Alsthom Atlantique, the heavy engineering company, to ship compressors to Brazil for installation at a uranium enrichment plant Brazil is building at Resende.

A Sao Paulo daily newspaper said yesterday the French Government believes that "Brazil's intentions are not as pure as they might be."

The plant uses the jet nozzle technology developed in West Germany. Unlike the centrifuge process of gas diffusion, the jet nozzle system is supposed to be "bomb proof," in the sense that the enrichment plant cannot easily or quickly be adapted from producing fuel enriched to a low, 3 per cent, level for use in power reactors, to highly enriched fuel needed for hydrogen bombs.

Rebels attack Nicaragua port

By Tim Coone in Managua

THE Nicaraguan Defence Ministry said on Monday night that U.S.-backed rightist guerrillas launched another air attack against the Pacific port of Puerto Sandino. An unidentified aircraft fired two rockets late on Sunday night and damaged the port installations, nearby residents said.

Puerto Sandina is the main unloading point for crude oil deliveries to Nicaragua and has been the object of a number of sabotage attacks from air and sea in the past six months by the guerrillas fighting the Left-wing Sandinista Government.

The Ministry of Defence also claims that 123 guerrillas have been killed in fighting in the north of the country over the past week. The guerrillas of the FDN counter revolutionary group launched an offensive there at the end of the year with an estimated 2,000 troops.

China, U.S. to sign technology pact

PEKING — China and the U.S. will sign a new agreement on industrial and technological co-operation when Premier Zhao Ziyang visits Washington next week, diplomats said yesterday.

The pact will provide a framework for increased U.S. involvement in the development of Chinese industry, but will consist of a general expression of intentions rather than a legal agreement, they added.

"The pact is intended to put on paper the intentions of the countries' leaders rather than commit them to details which could tie them up in knots," one diplomat said.

Premier Zhao leaves Peking Saturday for his first visit to the U.S., followed by a week-long visit to Canada.

His visit reflects a marked improvement in Sino-U.S. relations in the last few months following the lifting of an embargo of exports of advanced technology to China.

Much of this technology has potential military applications. Although China has said it has no plans to buy large amounts of weapons from abroad, officials welcomed the lifting of the ban as an expression of trust and goodwill.

At a Press conference yesterday, the Chinese leader said that "on the whole there has been great progress in the development of Sino-U.S. relations. . . ." But he added: "Of course, the level of Sino-U.S. relations is not as is to be desired."

He accused the Reagan Administration of increasing its arms supplies to Taiwan, in violation of a 1982 agreement reached after intensive negotiations under which Washington agreed gradually to reduce weapons sales.

But he hinted he did not expect this highly sensitive issue to dominate his talks with President Reagan and other U.S. officials.

Washington broke official relations with Taiwan when it normalised relations with the Communist-run mainland four years ago. But to Peking's annoyance, the U.S. has continued to sell weapons to Taiwan.

Reuter

Paul Cheeseright reports that Treaty of Rome competition rules are likely to be amended

EEC eases the way for high technology deals

THE EEC is seeking to give a fillip to the development of high technology industries by easing the competition regulations.

Both the U.S.—through the Sherman Act—and the EEC—through Article 85 of the Treaty of Rome—forbid agreements between companies which affect trade or distort or prevent competition.

The measure, pushed hard by Mr Frans Andriessen, the commissioner in charge of competition, would give European companies a less restricted environment, in the anti-trust sense, than that envisaged in the U.S. by a Bill supported by the Reagan Administration and now before Congress.

In the case of the EEC, the competition principle can be pushed aside if "concerted practices," as the Treaty of Rome has it, "contribute to the improvement of the production or distribution of goods or to the promotion of technical or economic progress."

It is this qualification of the principle that the Commission is using for its general research and development exemption. And in this area, the Commission can act independently, after consultation. So the exemption will not be trapped in the EEC's wearisome process of political discussion.

A draft regulation from the European Commission, now open for comment, generally exempts from the competition rules joint agreements by companies for research and development and for any production which might result.

With minor changes this draft is likely to be adopted next summer. Consultations have already taken place among the Commission and the Ten which have given general approval.

Hitherto exemptions have been considered on an individual basis. Last month, for example, the Commission gave Deutsche BP, Deutsche Babcock and PCV permission to set up a joint company called Carbon Gas Technology and not to compete among themselves in the area of coal gasification research.

The idea is to replace individual scrutiny of plans with a greater degree of legal certainty, thereby removing a psychological block to companies teaming together to undertake research which could be too expensive for a single business

Under the new plans, the greater part of the agreement between the three companies would automatically have escaped the competition rules.

The idea is to replace individual scrutiny of plans with a greater degree of legal certainty, thereby removing a psychological block to companies teaming together to undertake research which could be too expensive for a single business.

All research and development agreements, whether in toys or textiles, computers or chips, could be exempt. So too would be production agreements where that is planned by the joint venture.

The qualification comes where more than one of the three leading companies in a certain sector are involved in an agreement or where co-operation agreements are between companies with a combined turnover of more than Ecus 500m (£285m).

In such cases agreements have to be notified to the Commission which has six months to raise any objection. The Commission would oppose the exemption if, within four months, it received a request from one of the Ten to do so.

The objection period, though, is cut to three months if the project in question is of "common European interest" as defined by the Commission or the Council of Ministers.

All of this goes further than the Reagan Administration is prepared to go. It is supporting the National Productivity and Innovation Bill, one of a number of measures before Congress seeking to ease anti-trust laws to promote research.

Commission analysis shows that joint production agreements are ruled out and that exemptions to the anti-trust laws will be granted only if it is "reasonable" that they should be. The degree of automatic exemption embodied in the EEC plan is missing.

Also, the notification procedures in the U.S. are public. In the EEC case, where they are necessary, they are done in private. But the U.S. Bill is markedly more relaxed in dropping the right to claim triple damages for violations and adopting what has traditionally been the European system of single damages.

Indo-U.S. group to build $120m Indian pipeline

By R. C. Murthy in Bombay

THE INDIAN Government has awarded a $120m subsea gas pipeline contract to Essar Brown and Root, an Indian partnership formed by Essar Group and Brown and Root of the U.S.

The company, one of the three bidders, won the contract on the basis of lowest quotation. The other two in the race were ETPM of France and McDermott of the U.S.

The 217 kilometre-long pipeline is to branch off midway along a trunk pipeline bringing natural gas from Bombay High offshore oilfield to a fertiliser plant near Bombay. The landfall point for the proposed branch pipeline is Umbrat in the western state of Gujerat. An onshore pipeline will take the gas onwards to a fertiliser plant at Hazira, also in Gujerat and further inland later.

A spokesman from Essar Brown and Root said the pipeline is to be ready in 11 months. There has been a delay in awarding the contract because of negotiations with the World Bank for a $120m loan.

The World Bank wanted a revaluation of the three bids. What tilted the balance in favour of Essar Brown and Root is 15 per cent price preference allowed to an Indian company.

Puerto Rican industries find way to keep competitive with low-cost neighbours

BY CANUTE JAMES IN KINGSTON

ITEM: One pair of shoes. Made in Haiti, the Dominican Republic and Puerto Rico.

The item could be anything from underwear to television sets, but the indication of the country of manufacture might not be so detailed.

It is the result of a programme of trade and industrial co-operation in the Caribbean, initiated by Puerto Rican businesses concerned about maintaining or achieving price competitiveness.

Companies based in the island are establishing "twin plants" in neighbouring countries to take care of initial stages of manufacturing — those which are labour-intensive and demand low levels of technology.

The half-completed goods are then shipped to Puerto Rico for finishing, which demands less labour but higher levels of technology.

Already several companies based in Puerto Rico — some owned by mainland U.S. corporations, and some local companies — have established twin plants in Haiti, the Dominican Republic, Antigua and Barbados, and are looking at Jamaica.

The motivation for this expansion is production costs, mainly labour, which are lower than in Puerto Rico, which has to stick to U.S. federal minimum wage laws.

"Lower labour costs are the influential factors for our businessmen to establish twin plants in neighbouring countries," explained Mr Jimenez Juarbe, executive vice-president of the Puerto Rico Manufacturers' Association.

"In all those other Caribbean countries, the cost of labour is significantly lower than it is in our country."

While rates in Puerto Rican industry cannot go below U.S.$3.35 an hour — and are sometimes not below $5 an hour in some sectors such as electronics—wages in Haiti and the Dominican Republic are 40 cents and 90 cents per hour, respectively.

Two versions

The twin plants come in two versions—either wholly owned subsidiaries built and operated by the Puerto Rican-based manufacturer, or the use by the Puerto Rican company of the facilities of an already established concern which is involved in the same product category or is willing to expand into a new area.

GTE-Sylvania, for example, has established a plant in Haiti, employing just under 1,000 workers, for manufacturing items such as electric switch gears and circuit breakers.

Puerto Rican business leaders say Haiti is a favourite location for twin plants, not only because of the lower production costs—including utility rates—but also because of the political and economic stability created by several decades of strong-armed rule by the Duvalier family, and the absence of militant trade unions.

Puerto Rican companies have established 12 twin plants in Haiti, five in the Dominican Republic, three in Barbados and two in Antigua.

Product quality is maintained, say Puerto Rican businessmen, as the finishing of the item is under their control.

While there is a clear advantage to the other countries in hosting the twin plants, Puerto Rican business is still undecided about the real overall benefits of the trade and industrial programme.

"The loss of potential jobs in Puerto Rico to the neighbouring countries is something that we regard with certain scepticism," said Mr Juarbe.

"The dilemma which we face is that if the cost of operating in Puerto Rico is too high, it is better to move a part of it to another country. This will save some jobs here, and it is better than having the company shut down all its operations."

Uncertainty

Latest figures put unemployment in Puerto Rico at 22 per cent, much lower than its neighbours such as Haiti at 50 per cent and Jamaica at 27 per cent. For business leaders like Mr Juarbe, the uncertainty over the value of twin plants is increased by another uncomfortable possibility.

"We can see clearly why Puerto Rico companies will want to expand their operations to other countries," he said. "But if the cost of production in Puerto Rico continues to be relatively high, and if it rises significantly, will not the twin plants be the first step to eventually moving all operations to our neighbours?"

Philips signs videotex deal with Enidata

By Alan Friedman in Rome

PHILIPS, the Dutch electrical group, has signed an agreement for the joint production and distribution of information systems with Enidata, the information systems subsidiary of ENI, the Italian state energy group.

ENI said the two companies would manufacture and market videotex software information systems to complement the digital equipment joint venture which already exists.

Enidata will have exclusive distribution rights for videotex in Italy and the new partnership will also be designed to produce systems for export to Western European and other markets.

● Compagnia Elettrotecnica Italiana and PYL, two Italian companies which are part of Dravotec of Milan, have won a $20m contract from Egypt's rural electric authority for building 265 km of electric lines, Reuter reports from Milan.

The contract is part of a project for electrification of large agricultural areas at the mouth of the Nile River.

UK civil service numbers 50% over IMF norm

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITAIN'S CENTRAL bureaucracy is the largest in the world in relation to its size and economic status, according to a study by the International Monetary Fund (IMF).

It shows that only Korea comes close to matching Britain for the lavishness of its staffing of central government departments.

Both countries had nearly twice as many central government civil servants as the IMF staff expected to find on the basis of a study of 83 different nations, from the largest to some of the smallest.

The IMF's prediction of the number of civil servants each country "ought" to have is based on analysis of the general pattern throughout the world in relation to population, per capital income and types of economic system.

It calculated a bureaucracy index for each country which was the number of civil servants in each country expressed as a percentage of the number expected on the basis of its study.

The figures related to years between 1979 and 1981 depending on the availability of national data.

In the whole of the public sector, including local authorities, the UK had 50 per cent more employees than expected, an excess matched only by Sweden among the industrial countries which had 67 per cent more public sector employees than the expected norm.

In the world as a whole, the leanest public sector was in Burundi, which employed 58 per cent fewer people than would be expected. At the other end of the scale Sri Lanka employed 242 per cent more than the "norm" predicted by the IMF.

The report cautions that it would be wrong to jump to policy conclusions from these results without analysing other factors, including pay levels. For example Burundi, which appears frugal in the numbers employed relative to its wealth and size, looks exceptionally profligate on a comparison of pay levels in its public service which are 390 per cent of the IMF's "norm."

In the UK, however, public sector wages in 1980 were only 92 per cent of what might have been expected on the basis of international comparison. This was in sharp contrast with Sweden, where wages were 47 per cent higher than the "expected" level, as well as the number of employees being higher.

In spite of its cautions, the study picks out the UK and the Scandinavian countries along with Australia and New Zealand as having markedly larger numbers in the public sector than seemed warranted by the state of their economies.

Government Employment and Pay: Some International Comparisons by Peter Heller and Alan Tait. International Monetary Fund, Washington DC.

Strike at atomic plants threatened

By Our Labour Staff

AN ATTEMPT is to be made to avert the first all-out national strike by UK Atomic Energy Authority production workers, planned to start on January 22.

The strike was called after workers voted to reject a "final" pay offer of 5.14 per cent over 18 months, equivalent to 3.25 per cent over one year.

The unions, which are claiming a "substantial increase," are pressing for a higher offer in defiance of the Government's 3 per cent public service pay target.

They do not expect formal talks to take place with the employer until after officials of the authority have held discussions with the Department of Energy, probably towards the end of next week.

If the strike goes ahead, it will involve about 4,500 workers at seven nuclear research and development sites. It would not affect nuclear power stations, which are run by the Central Electricity Generating Board.

The Atomic Energy Authority said yesterday it had suffered no significant effects from an overtime ban begun on December 18, but the ban would cause more concern in the longer term. A lengthy strike could delay projects.

Safety cover is being maintained, but union officials say this would have to be considered again if the strike went ahead.

Solex UK to enter market for fuel injection systems

BY JOHN GRIFFITHS

SOLEX UK, the vehicle carburettor manufacturer, which has undergone major restructuring after several years of losses, is to manufacture electronic fuel injection systems with the help of Matra. The French state-controlled defence and electronics group has a 68 per cent stake in the UK company.

The worldwide market for fuel injection already amounts to several million units a year. With tightening international pollution controls, it is expected that by the end of the decade fuel injection – which allows closer control of emissions – will have made the carburettor virtually obsolete.

Solex will be attempting to break into a market dominated by companies such as Robert Bosch of West Germany and Lucas of the UK, whose systems are already well established with vehicle makers.

Mr Paul De Backer, Solex's chairman who was brought in by Matra 18 months ago to overhaul the British concern, claims that it will be entering the market with a new type of injection system which will be fully competitive.

It is taking an unusual route by creating its own market for initial production, via sales worldwide of conversions which allow petrol vehicles to run on cheaper liquefied petroleum gas (LPG).

Late last year, Solex acquired Landi-Hartog, the Dutch-based manufacturer of LPG conversion equipment for cars. The acquisition gave it market leadership for such systems in the Netherlands and the UK, and a presence in LPG markets in South-East Asia, Australasia and, in the near future, North America.

Solex is to replace carburettor-based LPG systems with the new electronic injection units.

Mr De Backer said that this method of bringing the system into production would avoid a classic "chicken and egg" situation: no vehicle manufacturer was ordinarily prepared to sign a supply contract without the system itself being available, and Solex could not afford to develop one merely in the hope that a manufacturer might accept it.

The injection system will be suitable for all non-LPG engines – its adaptation will require only a change of microprocessor.

The restructuring at Solex, formerly known as Zenith Carburettor, has been drastic. It follows losses of £1.1m in 1980, £480,000 in 1981 and nearly £2m in 1982. The workforce has been cut from 1,350 to 650 and one of the three UK plants closed. The management team has been cut by two thirds.

The effects of the cuts, and a switch in strategy from almost total dependence on vehicle makers to about 50 per cent of sales to the replacement carburettor market, are already showing. The company cut its losses in the half year to June 1983 to £151,000. Mr De Backer predicts a £500,000 profit this year on turnover of about £13m.

Foundry industry braced for rescue operation

Arthur Smith reports on the decline of UK foundries and the pressures that may force a regrouping of companies

BRITAIN'S FOUNDRY industry faces a further decline of considerable magnitude over the next five to 10 years according to a confidential report prepared by the industry's economic development committee.

UK output – halved over the past seven years – is likely to fall by a further 25 per cent by 1985-90, the report says. Against this background leading foundry companies are now holding exploratory talks on "an orderly restructuring" of the industry.

Research indicates that the industry is not internationally competitive. In terms of productive efficiency and commercial and technical success, "the UK is near the bottom of the league," the report says.

On labour productivity, the UK ranks ninth out of 12 countries for ferrous foundries, and similarly for iron and steel castings. Productivity in UK iron foundries is about two thirds of that in France and West Germany.

Talks on restructuring the industry are being led by the Association of Major Castings Manufacturers, a powerful grouping of companies formed less than a year ago to warn of the dangers of a continued rapid rundown of capacity.

The association accounts for about 85 per cent of independent castings supplied to the automotive industry. Members include Birmid Qualcast, Brockhouse, Duport, Midland Industries, Triplex, Butler Foundries, William Lees and Leys Malleable.

"While a number of us are pulling ourselves out of recession, there is still excess capacity across the industry as a whole," one industry leader said. "The automotive sector ought to be able to put something together for an orderly restructuring."

A problem for the companies is the exchange of commercial information that would accompany any restructuring. Potential partners are at present competitors and to advance any collaboration process an "honest broker" is required. Lazard Brothers, the merchant bank which successfully promoted a government-backed scheme for the steel castings industry, has shown an interest.

Those who have argued that market forces will make industry lean and fit and able to withstand the rigours of international competition may find the latest report alarming.

The pace of closures and job losses has accelerated so quickly that areas of the West Midlands, Britain's manufacturing heartland, have been reduced to industrial wasteland.

The industry's economic development committee meets to consider the report on January 19. The key questions for it will be:

- Why have market forces not made UK foundries as efficient as many of those in continental Europe?
- How much business would be lost to overseas foundries during the restructuring process?
- Will the foundries that remain be the ones with the best equipment or those with the largest bank balances?
- How long would restructuring take and would the process be demoralising?

A simple stimulus to the UK economy is not seen as an answer to the problems. Reflation might offer help to the extent that decline of the sector has been due not only to a rundown of customer industries but also to the substitution of materials and changes in design and technology.

"Stimulating UK demand, therefore, even assuming that it fed through to UK suppliers, might temporarily halt or slow the decline in demand for UK castings but it could not be counted upon to revive it," the report says.

But the possibility is raised that capacity could be reorganised across a range of similar companies. They could agree to finance joint moves to raise efficiency and eliminate surplus capacity.

But the point is made that such schemes are vulnerable to competition from non-participants, whether in the UK or overseas.

Additional capital investment, while necessary, carries dangers. In the long term, such spending would raise the international competitiveness of the foundries. But the immediate impact would be to raise the break-even point for profitability.

A £437m ticket to catch the next Airbus

The UK Government's decision is expected shortly on whether to give £437m of aid towards British Aerospace's share of the European Airbus A-320 project. Michael Donne, Aerospace Correspondent, reports on the company's case for financial help

BRITISH AEROSPACE (BAe) is anxiously waiting this month for the Government's decision on £437m of launching aid for the UK's share of Europe's next airliner venture, the Airbus Industrie A-320.

If the Government approves the plan, British Aerospace will get about 26 per cent of the work on this 150-seater aircraft, building the entire wings (including flaps and moving parts). This will provide employment for between 3,000 and 4,000 more aerospace workers in BAe itself and perhaps another 2,000 in companies supplying materials and equipment.

At the same time, Rolls-Royce has asked the Government for half of the £226m it needs for its share of the proposed new V-2500 aero-engine. The V-2500 is to be built by an international consortium to meet the needs of the new generation of 150-seat airliners.

In addition to Rolls-Royce, this group – called International Aero-Engines (IAE) – comprises Pratt & Whitney of the U.S., Motoren- und Turbinen Union of West Germany, Fiat Aviazione of Italy and Japanese Aero-Engine Corporation. The Japanese corporation is formed by three major engine companies, Ishikawajima-Harima Heavy Industries, Kawasaki Heavy Industries and Mitsubishi Heavy Industries.

Rolls-Royce can find the other £113m from its own resources. It has said that if the Government declines to contribute any aid for the engine, it could find all £226m itself. It would, however, prefer government support for part of the IAE venture.

If the Government says no to BAe, however, that company will be out of the A-320 entirely, left only with its 20 per cent stake in the Airbus, building wing-boxes for the existing 250-seat A-300 and smaller 220-seat A-310.

These aircraft will continue in production for some time, but rival manufacturers will be able to develop their own wing technology, especially for the A-320, and BAe will find its pre-eminence in this area eroded.

Over a longer period of time, by the mid to late 1990s, when demand for the A-300 and A-310 falls away as other airliner ventures are developed, BAe fears that it could find itself out of the European civil airliner manufacturing business. There would be severe job losses.

This is why BAe and the aerospace trade unions have been pressing the Government hard in recent weeks for a favourable decision on aid. The Government, in turn, has been cautious, because £437m is a substantial sum to devote to one project in one industry. It wants to be sure that the return on such an investment will be at least adequate.

British Aerospace has been asked by the Government and others why it cannot find the £437m itself, either from its own resources or by borrowing in the City of London. The answer is that it could find lenders, but the interest burden would be more than its balance sheet could bear in the years ahead in view of its other major investments.

BAe stresses that the £437m is only about two thirds of the £637m needed for its share of the A-320. The £437m would be spent on preliminary design and development of the A-320's advanced wings, on jigging and tooling, and on training the workforce. The other £200m would be needed to cover the cost of initial production – such as buying materials and paying wages – before cash began to flow from sales.

The company can find the £200m on its own and is prepared to do so. But the extra £437m would be too much of a strain.

BAe points out that, over the past few years, it has invested over £700m of its own money in civil airliner ventures – including the 146 four-engined regional aircraft, the further development of its 125 twin-engined executive jet and its Jetstream 31 twin-turboprop airliner, and in the 748 twin turboprop feeder-liner.

Further heavy investments are likely – for example, up to £170m may be needed if the BAe decides to go ahead with developing the new Advanced Turboprop (ATP) derivative of the 748 airliner.

In addition, the company will be investing up to £50m between 1983 and 1987 on satellites and other space activities, £270m on missile and other ventures by the BAe Dynamics Group and £250m on military aircraft developments – all £570m from its own funds.

The aim of those investments will be to increase the company's turnover from about £2bn in 1982 to over £3bn in 1987, and to increase trading profits as far as possible from the £113m of 1982.

To justify its case for government aid for the A-320, BAe stresses that a big market awaits any successful 150-seater jet, whether European or American built. It estimates the total world market for any such aircraft at about 2,500 by the end of this century.

On the assumption that Airbus Industrie can win only a one third share of that (against competition from Boeing and perhaps McDonnell Douglas of the U.S.), it will still mean about 750-800 aircraft, or more than enough to break even and to earn profits.

As to the need for Airbus Industrie to be in the 150-seater market, BAe says that existing customers for the A-300 and A-310 are telling the European group it must broaden its product line to enable it to compete more effectively with Boeing.

Sir Raymond Lygo, managing director of BAe, told Mrs Margaret Thatcher, the British Prime Minister recently in a briefing on the A-320: "When a major airline wants to buy aircraft, it wants the manufacturer of its choice to have a range of aircraft, to meet all its requirements.

"The manufacturer who can do this is in a good position to offer attractive packages. Airbus either moves in this direction, or it leaves Boeing as the monopoly supplier of civil aircraft to the entire free world."

Airbus had decided, said Sir Raymond, that the A-320 was the right aircraft with which to widen the family of jets it offered. While initially the A-320 will be built and flown with the Franco-U.S. (Snecma-General Electric) CFM-56-4 engine, Rolls-Royce, Pratt & Whitney and others were developing the new V-2500 in the International Aero-Engines consortium.

This could be fitted to the A-320 at a later date and would give the aircraft a much improved performance. "So the decision to go ahead with a Rolls-Royce engine for this aeroplane is an extremely important parallel decision," Sir Raymond said.

Poor snow may raise cost of ski insurance

WINTER SPORTS insurance premiums could rise sharply next season if poor skiing conditions in alpine resorts continue for much longer.

After two years of underwriting losses, insurers are now facing a string of claims as a result of poor snow in the Alps, which is producing a much higher rate of accidents for each ski day.

Insurers say that although lack of snow is reducing the number of skiers, those that are testing the slopes run a higher risk of accidents.

The average claim for a ski accident last year was £162. About 10 per cent of all claims resulted from collisions with other skiers.

● **SAXON OIL**, an independent oil company, has reduced the scale of a North Sea oil deal, involving the sale of assets to the Kuwaiti-owned Santa Fe Minerals.

The change is a direct result of Saxon's successful tender for a stake in the Forties field. Original terms were for Saxon to sell up to a 25 per cent interest in the block, on which an oil discovery was announced in May 1983. Saxon has now exercised an option to reduce the sale to only 20 per cent. Forties production has enabled Saxon to embark on a more active exploration programme.

● **SIX SELLAFIELD** workers with cancer have received compensation, out of a total of nine claims since the factory – formerly Windscale, in Cumbria – became part of a state-owned public company, British Nuclear Fuels, in 1971.

The details were given in a letter by Mr William Waldegrave, under-secretary for the Environment, to Mr Brian Sedgmore, Labour MP, in answer to questions raised last November, when Sellafield suffered radiation leak.

● **THE NAME** Datsun will have disappeared by the spring from more than 400 UK outlets selling cars produced by Nissan, Japan's second largest manufacturer. It will be the final phase of a three-year, worldwide programme under which Datsun is being dropped in favour of the parent company's name.

● **MERGERS SHOULD** be investigated only when they are likely to have a significant adverse effect on competition and not for any other reason, the Confederation of British Industry has told the Government.

The CBI's views, in a letter to Mr Alex Fletcher, Minister for Consumer and Corporate Affairs, are intended to stem the confusion and uncertainty surrounding the Government's present policy towards mergers, currently under review in Whitehall.

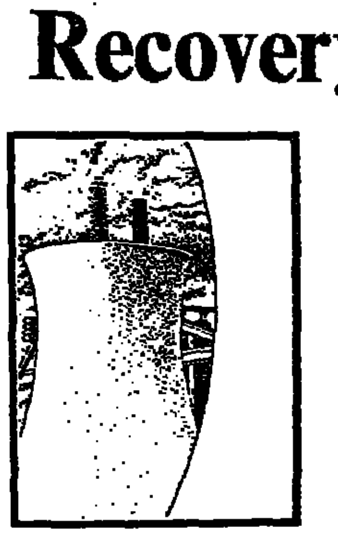
● **SHIPYARD UNION** delegates have been summoned to a meeting in London today to hear what British Shipbuilders is offering to avert a national strike due to start on Friday, over a £7 a week production deal.

Neither the employers nor the unions seemed optimistic of a settlement yesterday. Mr Phillip Hares, deputy chief executive of British Shipbuilders, said the gap was "quite considerable."

British Shipbuilders says that changes, including the breakdown of traditional demarcation lines, are essential for its survival and must be implemented at once. The unions say their members need more time to get used to the changes.

Forecasts 1984

Recovery—but slow and selective



CAPITAL GOODS

IAN RODGER

THINGS COULD hardly get worse in capital goods. 1983 will be remembered as a year in which IBH, the West German construction equipment group, went bankrupt; Creusot-Loire, the giant French engineering company, was saved from the brink of collapse; and dozens of other prominent capital goods manufacturers, including Caterpillar Tractor, GHH, Cincinnati Milacron and Ingersoll Rand, suffered the ignominy of net losses.

Demand for most types of [illegible] equipment last year was anything from a third to 60 per cent lower than at the late 1970s peaks, depending on the sector.

Most forecasters are expecting some recovery from these extraordinarily depressed levels this year, but, except in the U.S., the rate of recovery looks like being very slow, partly because of important structural changes in demand patterns.

In theory, recovery in demand for capital goods should lag the beginning of a recovery in consumer products by about nine months. The idea is that as people buy more cars and domestic appliances, the operating rates of factories making these goods and components for them move up. Their owners then devote part of their improved cash flow to increasing capacity and/or modernising their existing equipment.

Demand for machine tools and other industrial equipment and process plant improves and the overall increase in activity triggers off requirements for more power plant and construction equipment.

The current economic recovery has been under way for well over a year in most industrialised countries, but the upturn in demand for traditional capital goods has still not happened. Capital spending in U.S. manufacturing industries, for example, was probably down 8 per cent last year to $111bn. In the UK, fixed investment by manufacturing industry was probably unchanged from £4.5bn in 1982.

There are particular reasons that can be found for the continuing sluggishness in each capital goods sector, but the overall picture remains one of oversaturation of markets and a drive by manufacturers to squeeze more performance out of existing plant rather than expand capacity.

The most dramatic changes are occurring in the factory equipment industries. All of the world's machine tool industries are deeply depressed. The U.S. industry's operating rate recovered last year to about 75 per cent from a low of 68 per cent at the end of 1982. In the UK, production has been halved since 1979, and even the successful Japanese producers have faced a sharp decline in sales in the past year.

Yet at the same time, sales are booming for other types of factory equipment, notably computer-aided design and manufacturing systems (CAD/CAM) and robots. The CAD/CAM industry has been growing at rates of 30 to 50 per cent a year in the past few years and is now a $1.6bn-a-year industry.

The attractions of CAD/CAM and robots are that they cost relatively little, can be installed with a minimum of disruption to existing offices and factory layouts and are likely to produce immediate substantial improvements in productivity.

On the other hand, any manufacturer contemplating retooling his plant has to examine the feasibility of installing the latest automated manufacturing systems. These are very costly and, despite the claims of the suppliers, are still not fully proven. Not surprisingly, corporate boards are looking long and hard before committing themselves to such systems, unless they are forced into action by strong competitive pressure to cut costs.

The natural cautiousness of most manufacturers plus the likely continuation of high real interest rates will probably prevent demand for machine tools from improving very quickly this year. The order rate is picking up strongly in the U.S., but from a very depressed base. Orders stood at just over $150m in September, compared with nearly $400m late in 1981. In Europe, machine tool builders are still not certain that an improvement in orders is occurring.

The prospects for other general industrial equipment, such as compressors, pumps and materials handling equipment, also remain weak. Both Ingersoll Rand of the U.S. and Atlas Copco of Sweden, the two leading compressor manufacturers in the world, have said in recent statements that there has been no sign of a general upturn in demand for their products.

Manufacturers of fork lift trucks, like those of machine tools, are having to face the growing impact of automated systems in their traditional markets: World demand for lift trucks has slumped from the 1978 peak of 390,000 units to about 300,000 a year and no one anticipates much of a recovery. Leading manufacturers spent much of 1983 closing plants and trying to arrange mergers, so at least there is a prospect of improved profitability in this battered sector.

> The overall picture remains one of over-saturation of markets

Similarly, many construction equipment companies could improve their profitability this year as a result of the collapse of the IBH group early in November. Demand for most types of construction equipment has declined by at least 30 per cent since 1979 because of restraints in many countries on public works spending. Thus, there has been very little interest in rescuing any of the significant IBH subsidiaries from bankruptcy, and it would be surprising now if any were saved.

The huge power plant industry has been suffering from a dearth of orders for a number of years, and the existence of considerable excess generating capacity in most industrial countries suggests that there is unlikely to be much change this year.

Mr Douglas Danforth, the new chairman of Westinghouse of the U.S., said recently he did not expect another order for a nuclear power plant in the U.S. for at least eight years. Britain's General Electric Company (GEC) made 650 workers redundant in November in its highly successful turbine generator division because of the lack of orders.

The outlook for gas turbines is also bleak. By 1987, annual deliveries could be 37 per cent below the peak 17,300 megawatts delivered in 1977, according to one recent forecast. The competitive position of gas turbines in the power generation market has weakened because of the rising cost of the high quality fuels needed.

The agricultural equipment industry operates somewhat apart from other capital goods industries, but it, too, is going through a period of significant restructuring following the decline in world demand for tractors, from the 850,000 units peak in 1976 to about 570,000 units last year.

The increasing reluctance of North American farmers to borrow money has caused a slowing down of the replacement cycle there, while any growth in Third World markets in the medium term is likely to be offset by the relative decline in European farm incomes as the Common Agricultural Policy is gradually reformed. Thus, there is little likelihood of a growth trend being re-established in the world tractor industry.

The forecasters are saying that the U.S. is the only country likely to experience a major increase in capital spending this year. Some estimates put the growth of capital spending by all U.S. business at 10 per cent or better, with the best growth rates coming in the automobile, steel, and non-ferrous metals sectors.

That is good news for some process plant contractors and it should give a general boost to a lot of capital goods producers, but the performance of the sector as a whole is unlikely to be impressive until 1985. And a new escalation of inflation rates could stop the recovery cold at any point.

Europe struggles, U.S. moves ahead

CARS

KENNETH GOODING

AFTER four successive years of declining demand, world-wide car sales recovered by nearly 7 per cent last year, to about 29.5m, and many analysts are expecting the figure to top 32m in 1984.

But such a total will no more than match the record sales achieved by the industry in 1978, and will not necessarily be reflected in rising profits: in Europe, in particular, the sector is still suffering from substantial over-capacity, which is putting pressure on prices and earnings and making it difficult for companies to cover their huge capital investment costs.

There seems little scope for further European rationalisation, given the apparent determination of countries to protect their own full-line car manufacturers. It is therefore in Europe that the worst of the losses are being recorded. The three top European producers—Volkswagen-Audi, Renault, and the Peugeot-Citroen-Talbot group—were heavily in the red last year and only VW expects to be profitable in 1984.

By contrast, the three major producers in the U.S.—General Motors, Ford, and Chrysler—have cut costs dramatically and they are now profitable at a much lower level of output. All three should chalk up record profits for 1983 and move on to new peaks in the current year.

Market by market, the prospects are:

● North America, the world's biggest car market, has been leading the industry out of the recession and will provide the main impetus for the increase in world sales expected this year.

Of the 1.9m rise in world-wide car sales last year, North America absorbed 1.4m. Registrations went up from 8.69m to roughly 10.1m.

But this 16 per cent jump represented a recovery from the worst market conditions the U.S. and Canada had seen since World War II.

Japanese and European car producers also benefit from a strong American market because the U.S. has for some years been importing over one quarter of all the new cars sold there.

Mr Roger Smith, chairman of General Motors, market leader in the U.S., reckons that vehicle sales (cars and commercials) in the United States this year will reach 14m, compared to around 12.1m in 1983 and an all-time record of 14.9m in 1978.

GM is starting 1984 with all car plants in production—including two new ones which came on stream only in December.

Mr Smith is also very cheerful about the longer term. By the end of the 1980s the U.S. will see annual vehicle demand of no less than 20m, he insists.

The Japanese will not be able to take full advantage of the continued recovery of the U.S. market. Their Government has agreed to continue restraints on car shipments to the country for a second year, albeit with a slight increase in their quota. This will rise from 1.68m to 1.85m in the year beginning in April.

But even without this Government intervention—much resented by the manufacturers—the Japanese car makers would almost certainly be careful not to push too hard for more sales in the U.S. They know that if they force their penetration above 20 per cent of the U.S. car market they will spark off further protectionist sentiment—and probably action.

● Europe. The industry is well into an $80bn investment programme for the 1980s designed to stop the gap between Japanese and European production costs widening, and to enable European cars to incorporate more technology and better engineering than the Japanese. This should enable European cars to continue to command a price premium.

But the Europeans have not been able to push up car prices as they had hoped.

Prof Krish Bhaskar, industry watcher and professor of accountancy and finance at the University of East Anglia, suggests the European industry will not be able to generate all the cash it needs for its investment programme. The shortfall could be up to $6bn a year, he believes.

Prof Bhaskar points out that, taken as a whole, the European manufacturers have lost money for the past four years.

Yet the two largest Japanese groups, Toyota and Nissan, have made a consistent after-tax return of 4 to 7 per cent. "Such profitability has only been equalled by General Motors and Ford in the halcyon days of the early 1970s," according to Prof Bhaskar.

Mr Umberto Agnelli, vice-chairman of the Fiat group, suggests that the European industry's difficulties arise mainly from a "sizeable over-capacity at world level" and the 20 per cent over-capacity in Europe itself.

"As a consequence, competition has been very sharp, both at the price level and at the product level," he says.

Prof Bhaskar argues that European governments will either have to make good the shortfall in the industry's capital expenditure "or protect their markets (from further Japanese infiltration) through trade restrictions."

Mr Agnelli offers a different solution: European manufacturers could survive in their present numbers if they learnt to co-operate more in the production of major components—thus cutting costs.

● The Japanese have not escaped unscathed from the world recession. It reduced the Japanese car industry's growth to 3 per cent a year—very low by past standards—and profitability suffered particularly last year when Nissan tried to claw back market share, intensifying domestic competition.

Dr Shoichiro Toyoda, president of market leader Toyota, predicts that about 4.15m vehicles should be sold in Japan this year, up from 4m in 1983. (These figures exclude minicars which Toyota does not make.)

He estimates that Toyota, second-largest of the world's vehicle groups behind GM, will produce a record 3.7m vehicles this year, significantly ahead of the previous peak—3.29m in 1980—and a useful advance on the 3.27m last year.

It remains to be seen just how long the major Japanese producers can resist political pressure from Western governments to set up local car plants. By staying at home and exporting, they have kept production costs well below those in the West.

The Western companies are sure that the Japanese will lose most of their cost advantages once they start producing cars in Europe and the U.S. with a high local content. Privately the Japanese agree. And so they continue to hesitate, wanting to hang on to their advantage for as long as possible.

Forecasts of car production 1984
(millions)

	Economist Intelligence Unit		DRI Europe	Automotive Research & Management
	1983(est)	1984	1984	1984
U.S.	6.80	7.60	8.10	7.50
Canada	0.96	1.02	0.80	0.92
W. Germany	3.93	4.10	3.94	4.00
France	2.90	2.80	2.82	2.95
Italy	1.35	1.40	1.48	1.40
Japan	7.00	7.10	7.46	7.30
Spain	1.05	1.15	1.22	1.20
UK	1.03	0.98	1.02	0.99

The FT is publishing a series of articles this week on the international outlook for key industrial sectors.

TECHNOLOGY

EDITED BY ALAN CANE

ONE OF THE BRIGHTEST NEW INDUSTRIES IS GOING THROUGH A RADICAL REAPPRAISAL

Videotex: just another set of data rules

BY ALAN CANE

THE END may already be in sight for a "new" industry which had been seen as one of the brightest stars in the electronics firmament.

The industry is videotex, a family of computer-based information systems known in the UK as Prestel, Ceefax and Oracle.

According to a newly published report from the consultancy Butler Cox, videotex as it is currently perceived will cease to exist over the next decade.

Its author, Mr T. F. Chapman notes: "Whereas in 1980, videotex was perceived as an entity—a technology—that would create a new 'videotex industry,' in 1990 or 1995, it will be perceived as little more than one of the many communication and display protocols."

He goes on: "The term 'videotex industry' will seem as artificial as the term 'ASCII industry' would seem if it were used today." (ASCII is an acronym for one of the commonest sets of regulations for digital communications.)

All of which should not be taken to mean that Mr Chapman sees a poor future for videotex. Far from it: "There can be few organisations of any size that have no viable applications for private videotex systems," he claims.

The report* is the seventeenth in the Butler Cox series covering the markets and uses of videotex, and it analyses with brutal clarity changes in the way the technology has been viewed over the years.

It points out that videotex (meaning principally interactive videotex systems like Prestel) was conceived in the 1970s solely as a means of disseminating information over the public telephone network: "A decade later, videotex is widely recognised in Europe as a major computing technology in its own right . . . The emphasis on information dissemination is giving way to transaction processing. . . . The main videotex growth area has shifted from public services to private systems, and from the telecommunications authorities to private enterprises."

Mr Chapman says it is inconceivable that it will not have undergone a comparable change by 1993: "If it fails to retain its three basic design attributes—ease of use, low cost and versatility—it will cease to be videotex, though the name may outlive the product if it has become associated with success in the marketplace."

Viewdata in the home is a minor part of the potential of videotex systems. Most applications have been in industry

Among Mr Chapman's predictions are:

> Debenhams and British Home Stores together with City institutions and the U.S. management consultancy IMTEC formed a new company, DISC International, late last year to sell the interactive videotex system "Viewbase" and develop videotex software. But is there a future for videotex? A new study gives a qualified yes.

● By 1990, a videotex terminal costing $1,000 at today's prices will incorporate substantial computing power (16-bit processor), multiple videotext standards, an 80 by 24 character colour display (adequate for word processing) and extensive business software: "It will, in effect, be a powerful office workstation."

● A shift towards private telephone networks and packet-switched networks rather than the public telephone system as the basic transmission medium.

Mr Chapman believes the French Architel videotex network, planned to begin in 1984 will be the model for the development of interlinked packet switched networks: "There are economic advantages in using an intelligent switched network to provide the communication link between the terminals and third parties, rather than a videotex gateway (the computer controlled link between one videotex network and another).

"Instead of occupying a port on a relatively expensive minicomputer for the duration of the call, the interface unit can be a low-cost microcomputer and the control centre computer is occupied only for a short period at the start and the end of the communication."

● Private videotex (private as compared, for example, with Prestel which is a public service) systems at present operating on minicomputers will give way to mainframe based systems, as the dominant type after 1986 or 1987: "But a new generation of systems, based on multiprocessor, networked microcomputers will be predominant in the 1990s."

He notes that suppliers of microcomputer-based systems have failed fully to grasp the potential of this kind of system: "It could undercut the cost of minicomputer based systems by a factor of four and could offer potential customers of mainframe-based systems a total operation for little more than the cost of videotex communication concentrators."

He warns: "These products do not exist—nor will they be easy to develop."

But he notes as worthy of merit innovative microcomputer based systems from Torch Computing of the UK and CTL of France.

The report suggests that the annual value of the European videotex market in 1983 is about $90m with terminals accounting for 60 per cent of the total. By 1988 the total should have risen to just over $1.5bn and terminals will still account for about half.

By 1993, the market will be approaching $5bn a year with terminals accounting for only 30 per cent.

By that date it will be hard to identify what share of the market will be attributable to videotex and what share to other protocols, standards and technologies that will be addressed by the same devices that handle videotex.

The UK is still the largest market for videotex in Europe although it will soon be overtaken by France and Germany, the report notes. The chronic oversupply of the past two years is coming to an end it suggests: "But a few suppliers, including IBM, are taking a disproportionate share of the market."

*Private Videotex Systems—their selection, use and future prospects, Butler, Cox and Partners, £500 for three copies.

SUMMARY OF EUROPEAN VIDEOTEX MARKET PROJECTIONS

Numbers in units Values in millions of US$	1983	1988	1993
Total no. installed terminals	185,000	6,430,000	27,700,000
Private videotex system installed port capacity	14,000	151,000	650,000
No. private videotex systems installed	720	3,640	15,400
Annual no. terminals shipped	134,000	3,570,000	7,400,000
Annual no. private videotex systems shipped	390	1,250	4,800
Value of installed videotex terminals $M	98	2,640	6,900
Value of installed private videotex systems $M	68	360	1,200
Annual value of terminal shipments $M	60	930	1,450
Annual value of private videotex system shipments $M	34	140	330
Annual spend on system software $M[1]	16	70	160
Annual spend on telecommunications $M	7.4	350	2,520
Annual spend on private videotex bureau access $M	2.8	50	190
Annual spend on public videotex service access $M[2]	2.2	80	270
Approximate total annual spend on private videotex system service provision (excluding terminals) $M	40	610	3,200
Approximate annual benefit derived from provision of private videotex services $M	16	1,040	7,530

Note 1. Included in value of private videotex system shipments.
2. These figures exclude gateway data-call charges, all subscription-based revenues and IP charges.

Transport

Portable vehicle weigher

A PORTABLE system called Weighman has been introduced by Golden River which can be laid down on any road to obtain the weight of passing vehicles.

It consists of a weight sensitive mat measuring 1,800 x 500 x 8 mm, weight 30 kg, and an 8 kg box of electronics. The system can record axle load, gross weight, speed, and length.

At an attended site the data appears directly on a printer. But the data can be stored for later extraction by another plug-in unit, or it can be transmitted over a phone line to another location.

If required as part of an enforcement programme, the Weighman can be linked to an alarm system. More on 0869 246848.

Communications

Radio pager

NEW FROM Tele-Nova is a radio paging system with a six-character full alphanumeric liquid crystal display.

Not only is the wearer alerted by a tone transmitted to his pocket receiver unit, he can also read a short six-character message, the meaning of which would be known to him in advance. For example, "tank 12" for a fuel storage depot employee would indicate a trouble spot to which he should go immediately.

The receiver unit, called T816, will also store up to four messages in its memory, enabling a user to determine priorities or make action calls in rotation. The display shows how many messages are stored and whether or not he has acknowledged them.

At the sending end, the operator has a keyboard console with an LCD display window showing two lines of 20 characters each, allowing both paged number and message text to be displayed. Up to 20 simultaneous pagings can be handled. If a user is absent, the presence of his unit in the battery charging rack is signalled to the console operator. More on 01-692 9816.

Automation

Punch press

A PUNCH press with 2 x 1 metre capacity and full CNC control has been put on the market by Rhodes Piece-All at £45,000 and is claimed by the maker to be the most cost effective CNC turret press available.

Called Proteus, the machine will punch and nibble 3mm plate over a one metre square area which, with a simple repositioning device becomes 2 x 1 metres.

The 15 station tool turret offers the user long tool life, close stripping and greater rigidity when nibbling and cropping. Westinghouse has provided the CNC unit, which features a non-corruptible memory, user friendly programming format, man-readable self-diagnostics and a larger library. More on 0753 26551.

Software

Graphics program

NEW COMPUTER, a deck design software from Tektronix enables users of the company's 4100 and 4110B display terminals to add versatile draughting for as little at £3,000.

Called Plot 10, the software is designed to take advantage of the terminal's abilities such as dynamic graphics which speed up image construction and allow pictures and text to be freely moved around the screen.

Local memory enables any portion of the drawing to be stored and very quickly redrawn with newly-incorporated changes. Local zoom and pan will enlarge any section to show additional detail.

A tablet menu and English language prompts shorten the beginner's learning time and improve the efficiency of experienced users. More on 06627 53141.

THE ARTS


Ben Cross and Saeed Jaffrey in "Far Pavilions"; Susan Wooldridge and Art Malik in "The Jewel in the Crown"

Television/Chris Dunkley

Wondrous tales from the East

The extent to which the British Raj is dominating commercial television as 1984 begins is astonishing to behold. Last night Channel 4 screened the first two-hour episode of *The Far Pavilions*, a $12m adaptation of M. M. Kaye's best-selling novel produced by Britain's Goldcrest and pre-sold to Home Box Office, the U.S.'s only profitable cable network so far. Tomorrow Channel 4 shows another two hours and on Thursday the final two.

On Monday there will be a two-hour episode to launch *The Jewel In The Crown* on ITV, followed by an hour-long episode on the following night and then 12 more 60-minute episodes on successive Tuesdays. Furthermore this serial will be given repeat screenings week by week on Channel 4, starting with a three-hour opening slab combining parts one and two on Sunday, January 15, subsequent episodes being repeated each Sunday.

Some idea of the magnitude of Granada Television's undertaking in bringing Paul Scott's entire Raj Quartet to the screen can be gained from the fact that they felt it necessary to publish not only a 150-page book priced at £5.95 telling the story of "The Making Of The Jewel In The Crown," but also a "Jewel" viewer's Companion ... an eight-page chronology, and a dramatis personae listing 116 characters and the episodes they appear in.

With so much publicity being slopped over the sheer statistics of these vast productions a sceptical critic is forced to wonder about the quality of the drama and the degree of entertainment on offer. But after watching the whole of *The Far Pavilions* and the first six hours of *The Jewel In The Crown* it is good to be able to report that in their different—though not always so very different—ways both make excellent television.

The similarities are more apparent than real. Both productions were largely filmed on location and draw upon the visual splendours of India for some of their attraction, for instance. Each takes as one of its central characters a man with a mixed background giving him a somewhat ambivalent attitude and an outlook which cannot match either that of the stereotypical imperialist nor that of the Indian nationalist. Pelham-Martyn in *The Far Pavilions* is born half English and half Indian and Hari Kumar in *The Jewel In The Crown* though wholly Indian by birth has grown up in England and attended English public school. Both series employ impressive casts. Both are very expensive.

But there the similarities end. *The Far Pavilions* is the story of a poor but honest Army officer who falls in love with an Indian princess. Luckily she and her brother keep falling over precipices and finding themselves on runaway horses so that Our Hero has plenty of opportunity to prove his valour. It is rather like a Saturday morning cinema saga with very high production values, a successful cross between "Kim" and "King of the Khyber Rifles" perhaps.

Auntie Ethel would have called it a rattling good yarn, and as you watch—particularly tonight's episode with the vast wedding procession splurging across the Indian landscape—you can almost hear producer Geoffrey Reeve in the background like some latterday Cecil B. de Mille bellowing "More elephants, more elephants!" At one stage there are clearly 14 in shot.

The story is unashamedly an old fashioned adventure, set in the 1870s with the British Empire at the height of its power, and it wallows in romance. When Ashton Hilary Akbar Pelham-Martyn (played as to the manner born by Ben Cross, star of Goldcrest's previous film *Chariots Of Fire*) strides out on to a bluff to lift up his eyes unto the hills from whence cometh his help his figure dominates the entire landscape and both he and the hills are bathed in a wash of lurid crimson light: it is like a Victorian narrative painting illustrating the phrase "The Empire Upon Which The Sun Never Sets."

From last night's introduction delivered with verve by a plummy Robert Hardy—"This brat from the bazaar is the son of Hilary Pelham-Martyn! How he survived the Mutiny I shall never know!"—to tonight's torrid love scene in the old crypt as the sandstorm rages without—"I love you more than life," "I need you heart of my heart"—and on to tomorrow's climax in Kabul—"To be a spy takes a lonely sort of courage," "Good Lord yes"—the language throughout is suited to theme and tone. There is never a hint of knowing, hindsight, not a suggestion of tongue in cheek, nor even a whisper of a post-war Monty Python view of Britain's imperial history. On the contrary, the derring-do is done as straight as though it came out of Boy's Own Paper and the romance is mushy enough for Mills and Boon. That is its strength.

In great contrast the shockingly unromantic seminal event of *The Jewel In The Crown* is the rape of Daphne Manners (a wonderfully edgy and brave performance from Susan Wooldridge who goes closer than most would dare to being "actressy" in her portrayal of the plain and clumsy yet sexy young memsahib) in a fictional town called Mayapore in 1942. Practically every sexual relationship in the story ends in disaster; there is precious little of moon and roses here.

It is also significant that whereas *The Far Pavilions* was within its title sequence a breathtaking scene of an Indian palace set against the towering background of the Himalayas, and frequently exploits the beauty of Indian landscape, *Jewel In The Crown* opens in the dark with a drunk being found on waste ground. And although the visual grandeur of the country is certainly used in *Jewel*—the scenes on Lake Nageen for instance—this series much more often features the ramshackle and the tatty.

The background events to *Jewel* are real history: Gandhi is calling for a "Quit India" campaign against the British, Britain appears to be losing the Second World War, and Indian nationalists are joining the INA. This reality is emphasised in Christopher Morahan's production by the insertion of clips from the real cinema newsreels.

Clearly the intention behind *Jewel* is pretty serious, and whereas *Pavilions* is a yarn which could have been told any time in the last 100 years, it is surely only recently that anybody would have considered the attitudes informing *Jewel* to be suitable for a British mass medium. It is a complicated story involving several generations of the British who sustained the Raj, and though it illustrates the gung-ho spirit of *Pavilions* it employs none itself. It is true that Pelham-Martyn occasionally gets hot under the collar about supercilious arriviste Englishmen who despise Indians, but the image of British rule in *Pavilions* is generally that of the benevolent imposition of order on unruly children.

Jewel on the other hand casts doubt upon the entire British adventure in India. And whereas the Anglo Indian officer and his Indian princess in *Pavilions* ride away towards a life of eternal bliss amidst the snowy peaks, there is considerable pessimism about relations between the races in *Jewel*. In *Pavilions* people tend to say things like:

"We'll have to watch that young man."

"Yes sir but his men think the world of him, they'd follow him anywhere." In *Jewel* it is more likely to be "Ah, the regimental silver, exactly as I first saw it 40 years ago—while so many starved. And I'm not even angry. But somebody should be."

Better or worse would be cheap words to use in the circumstances. *The Far Pavilions* brings to television the sort of lush and vivid story-telling which we have not seen since the heyday of Hollywood; it has been absent too long and its return is most welcome. If this is what the coming of cable can mean, then roll on cable. The *Jewel In The Crown* looks set to become one of the most thoughtful and important serial dramas ever brought to British television. One could hardly ask for a more auspicious start to the year.

*

I must apologise for stating during last week's annual review that *Live From Her Majesty's* ("the sole variety series worth mentioning") was produced by Thames TV. It was of course produced by David Bell for London Weekend. Moreover although 1983 was indeed a desperately poor year for comedy I should have paid tribute to Granada's *Brass*, a consistently hilarious 13-part parody of the flat cap and whippet school of gritty northern drama with splendid performances from a big cast including Timothy West as a latterday Gradgrind and Caroline Blakiston as his nymphomaniac wife. It is surely worthy of an early repeat.

New Arabella at Glyndebourne

Felicity Lott has been obliged to withdraw from her engagement at Glyndebourne next summer as she is expecting a baby. The title role in the new production of *Arabella* will be sung by Ashley Putnam.

Miss Putnam made her Glyndebourne début in 1978 as Musetta in *La Bohème*. Felicity Lott will return to Glyndebourne to sing the role in a revival of the production next year.

New York Theatre/Frank Lipsius

All our yesterdays on Broadway

Lacking a pantomime tradition, Broadway is disguising itself for the holidays as different years from the past when memorable plays were produced. This could be referred to as a penchant for revivals, but "revival" does not convey New York's current fashion to glamorise and exaggerate, find excuses for what is wrong, talk up what is all right and invent a new category if the existing one fails to light the billboards in Times Square.

The current crop of revivals have the added advantage of being seen so many times before that they each are reminders of several years in the past. They are early works of their authors. In New York, the best reminder is the earliest, especially for prolific writers like Tennessee Williams and George Bernard Shaw who leave particularly endearing memories of their first work, before their names aroused expectations.

John Dexter's production of *The Glass Menagerie* at the Eugene O'Neill is self consciously set in the American Depression, with a realistic room full of stained wallpaper and claustrophobic poverty surrounded by a backdrop of romantic baby blue. As scenes change, the new one is identified by a tag line from the script written in neon over the room.

Meantime, the downtrodden characters desperately struggle in their confining room against the forces of duress, hypocrisy and miscasting. Jessica Tandy has gained the position of an American grand dame thanks to a recent run of good grand-dame parts in *The Gin Game* and *Foxfire*. She has been typecast now as the archetypal American mother, the model for a revised version of Grant Wood's American Gothic.

Amanda Wingfield, however, is not the archetypal American mother, or at least she shouldn't be. The temptation must be strong to let her off with no faults since the world does make some sense in her eyes. The problem, as happens here, is that the other characters are distorted and diminished, while Amanda herself sinks into mere sentimentality.

Miss Tandy's less-than-firm grasp of the lines accents a pert and bright presentation of the character but one that lacks an understanding of just why Laura has to win the Gentleman Caller. A younger actress would have made Amanda's concern for her future seem more pertinent, while Miss Tandy seems too good-natured to court the caller vicariously through her daughter Laura.

Amanda Plummer as Laura also lacks any hope of attracting the man, thus removing the suspense that should accompany the encounter. John Heard makes the Gentleman Caller the most believable of all the characters, with a paunch that goes with his 1930s wide-brimmed hat and wide necktie, compared to Bruce Davison's handsome Tom, whose blond chiselled good looks seem too young and contemporary to fit into Ming Cho Lee's period setting.

Heartbreak House at the Circle in the Square brings Rex Harrison and Rosemary Harris to an American production of the play they have recently done in London. Directed by Anthony Page, this version dotes on Shaw's recreation of the pre-First World War period as a time of sumptuous indulgence and dotty eccentricity.

Rex Harrison shuffles with majesterial nonchalance, letting his resonant voice and flowing beard speak as if Shaw himself had taken the part in later life. Dana Ivey gives the American cast a performance to match Harrison's, with a sharp-tongued Ariadne Utterword perched on the edge of matron dignity but constantly tumbling into fresh trouble.

Margery Bradley Kellogg's book-lined set is one of the more successful efforts to translate a classical play to the demands of the company's arena stage. Old Captain Shotover gets to pontificate from a desk three steps above the large expanse of salon, which has the look of a ship comfortably furnished with lots of upholstered furniture. Shaw helps fill the space, with his profusion of characters who seem at times suspiciously put on stage just to utter a few clever lines the playwright thought of in no particular context at all. The play's ambling manner elicits strong performances from William Prince as Ellie Dunn's father, Philip Bosco as Boss Mangan, and Stephen McHattie as Hector.

Though it has taken a long time to get to Broadway, Michael Frayn's *Noises Off* is not strictly a revival, just another Broadway saviour from the West End. Now ensconced at the Brooks Atkinson, the American cast led by Dorothy Loudon, Brian Murray and Victor Garber had Michael Blakemore to whip them into a frenzy to match the London production's. The last act still seems superfluous, despite a revision and a merciful condensation.

Lacking the West End tradition in farce, Broadway makes a particularly appreciative audience for *Noises Off*, since the first act of rehearsing a farce gives a behind-the-scenes look at the animal before one is meant to appreciate it for itself. And then, the farce behind stage doubles the fun of seeing the backs of those performing the one originally being rehearsed.

Dorothy Loudon makes Dotty a little bit of a primadonna, taking the role of actress/investor more seriously than being the maid in the farce. This slows up the pace of patter established by an excellent supporting cast, including Victor Garber as the estate agent Romeo, his girlfriend, Deborah Rush, and Linda Thorson and Paxton Whitehead as the couple who own the house. Brian Murray combines the chilly seen-it-all-before air of an experienced director with the effervescence of his restless creativity, especially evident in the presence of women.

Noises Off may pretend to be contemporary but it really is as dated as *Heartbreak House* and *The Glass Menagerie*, with its embarrassment over showing knickers and spouting *double entendres*. All of them are reminiscent of times when the world suffered more, perhaps, but got to see itself displayed on the stage, open to censure and examination as well as overpromotion.

Scene from Broadway's production of "Noises Off"

Dick Whittington/Richmond Theatre

Alan Forrest

Richmond is the place where they eat fish and chips out of the Daily Telegraph, according to Idle Jack, or Roy Hudd as we know him. "Infamy, infamy, you've got it in for me," shouts Honor Blackman as Queen Rat—one of the season's better pantomime puns.

This is the season's most star-studded panto. Not quite up to the Bradford Alhambra in my salad days where you got the Tiller Girls, Kirby's Flying Ballet, Francis Laidler's Sunbeams as well as Wilfred Pickles and a talking dog, but then, we are in the midst of a recession.

But for these days, it is "a spectacular." The costumes were imaginative. When the ship sank off Morocco there was a convincing 3-D shark, and several beleaguered dads, deprived of cricket, brought off impressive one-handed catches as sweet missiles were hurled from the stage.

Roy Hudd performed manfully. With 30 kids brought from the audience to sing *All Things Bright and Beautiful* (whatever happened to "Hey little hen, when when when?") he impressed us all. The kids were all called Nicholas and Simon and Joanna and Charlotte, but that's Richmond. Where have all the Sandras and Marylins gone? Or the Deans and Garys for that matter?

Jack Tripp as Sarah the Cook is a Dame in the grand tradition. I think I've been seeing the cakemaking scene, this time with Hugh Lloyd and Roy Hudd, for about 30 years and it still sets the house in a roar. Was Albert Modley a better shot with the egg yolk than Roy Hudd? Did Norman Evans wear nicer knickers than Jack Tripp? Let us leave it to the record books.

June Whitfield triumphed as the good fairy, in spite of being denounced as a pint of fairy liquid. Geraldine Gardner has the legs and voice of a real principal boy. Blue Peter's Sarah Greene produced the right image of pale virginity as principal girl, Anthea Askey almost walks off with the honours as a splendidly articulate cat. Richard Murdoch's Alderman Fitzwarren proved how real professionals can triumph by doing nothing very much and John Hanson (the Sultan of Morocco) sang well, but rather unnecessarily. However, there was no talking dog.

A thought for 1984. When Dick mastered Queen Rat with his magic sword, the cry went out from the stage "What shall we do with her?" And the children replied: "Kill her." Oh, dear!

The Dresser chosen for royal film

The Dresser, starring Albert Finney and Tom Courtenay and directed by Peter Yates, has been chosen for the royal film performance in the presence of the Queen on March 19 at the Odeon, Leicester Square.

Arts Guide

Dec 30–Jan 5

Exhibitions

LONDON

The Hayward Gallery: Raoul Dufy – a timely reminder that this hero of countless chocolate boxes and postcards, the acceptable face of modern art, was not only a significant painter but a Fauvist of peculiar character, a follower but no slave of Matisse, who later developed into a decorative artist of the first importance. His elegantly perfunctory notation, and his characteristic imagery – white sails in the bay, palm trees below the balcony, bright silks against the apple green of the racecourse, have been taken up and broadcast endlessly by lesser talents. His fabric designs and tapestries are especially remarkable in a beautiful and necessary exhibition. Ends Feb 5.

Royal Academy: The Genius of Venice – we are treated to a show in the grand old manner of the Royal Academy's Winter Exhibitions. It treats us to exclusively the painting and, to a lesser extent, the sculpture, that Venice produced in the 16th century. If Bellini and Carpaccio are honoured more by their absence, since the panels now are just too fragile to travel (though the Lion of St Mark's is Carpaccio's), there is so much that has been brought in from all over the world that compensation is hardly the word. So, from the shadowy, speculative presence of Giorgione in the beginning, to the emotional extravagance of Tintoretto filling the lecture room at the end, and in between the great spaces of the Academy filled with Titian, Veronese, Bassano, Lotto, et al., we are indulged in a way unlikely ever to be repeated in our time, if at all. Ends March 11

PARIS

Raphael: Three exhibitions pay homage to the great Renaissance painter – born 500 years ago. The Grand Palais assembles, for the first time, most of the paintings and drawings from French museums, among them Le Petit Saint Georges, La Belle Jardinière and Balthazar Castiglione's portrait. Another exhibition shows Raphael's influence on French art from the 16th century to the present. Grand Palais (2615410). Closed Tue, Wed late closing. Ends Feb 13. The Louvre completes the anniversary celebrations with an exhibition of the most brilliant of Raphael's collaborators, among them Giulio Romano, and of his disciples. Louvre, Cabinet Des Dessins (2603926). Closed Tue. Ends end of Feb.

NEW YORK

Cantor Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and reproducer Henri Lebosse. One World Trade Center, 105th storey

Kandinsky (Guggenheim): More than 300 works limited to the early Russian and middle Bauhaus periods from 1915 to 1933 is the second in the museum's comprehensive reconstruction of Kandinsky's peripatetic and prolific career. Also included in the show are the works of contemporaries including constructivists like Malevich and Lissitzky as well as German and Bauhaus artists like Moholy-Nagy Miles van der Rohe and Paul Klee. Ends Feb 12.

WASHINGTON

National Gallery: Art of Aztec Mexico combines works confiscated during the Spanish conquest of 1521 with the unearthing in 1978 of the Great Temple of Tenochtitlán, capital of the Aztec empire, in central Mexico City. The most comprehensive Aztec art exhibit ever mounted in America reflects the religion that suffused the Aztec culture, with gods performing sacrifices that had to be repeated by man in order to keep the sun moving across the sky and the cosmos working. Ends Jan 8

CHICAGO

Museum of Contemporary Art: 46 paintings of Superrealist Malcolm Morley trace the British-born painter's style from its origins in abstract works through Pop art to the ocean liners based on postcards that show the photo-realist influence of his self-styled Superrealism. Organised originally by the Whitechapel Gallery in London, the show includes recent pastoral landscapes with beach scenes and animals. Ends Jan 22

WEST GERMANY

Berlin, Akademie der Künste, 10 Hanseatenweg: Designs, furniture, drawings and publications by Adolf Loos, the Austrian architect and master craftsman (1870 to 1933). Ends Jan 15

Brunswick, Herzog Anton Ulrich Museum, 1 Museumstrasse: French Painting from Watteau to Renoir has 70 landscapes, still lives and portraits from the 18th and 19th centuries. Ends Jan 22

Bremen, Kunsthalle, 207 Am Wall: A survey of the work of Odilon Redon (1840 to 1916), the French symbolist painter. It comprises 200 oil paintings, pastels, drawings and graphics. Ends Jan 22

Frankfurt, Jahrhunderthalle Hoechst, Pfaffenwiese: Water colours, drawings and documents from between 1904 and 1967 by Erich Heckel, the German expressionist and co-founder of the Brücke school of painting, exhibited on the occasion of his centenary. Ends Jan 8

HOLLAND

Irish Culture from 3000 BC to 1500 AD in Amsterdam's Rijksmuseum until Feb 26. The Book of Kells, the most magnificent illuminated version of the gospels in Europe, is joined by a hoard of bronze, silver and gold treasures, all finely wrought and many of them encrusted with jewels – a reminder that long before its present troubles, Ireland had its golden age and was the last repository of Western art and learning to fall to the Vikings.

One hundred paintings by modern Dutch artists at the Stedelijk Museum, Amsterdam. Until Jan 8.

Still Life and Flower Painting in Spain/Madrid

Gail Turner

Gathered in Madrid's Biblioteca Nacional is a fascinating exhibition – *Pintura Espanola de Bodegones y Floreros de 1600 a Goya* – (Still Life and Flower Painting in Spain from 1600 to Goya). The show comprises 190 paintings from Spanish and foreign public and private collections, organised by the Prado, and continuing until late January.

The last major exhibition of Spanish still lifes and flower paintings was in 1935. Sadly, of the 176 canvases then exhibited, about 40 are no longer in Spain. They are set out chronologically, beginning with four fine works by Juan Sánchez Cotán (1560–1627). This Toledo-born artist, who became a monk in 1603, created harmonious yet starkly simple compositions, including the deceptively simple *Still Life with Celery*. His attention to detail, his clear yet subtle colours and his skill in contrasts of light and shade make a memorable opening to the exhibition.

Sánchez Cotán was greatly admired by his contemporaries in Spain and his influence can be clearly seen in works by Felipe Ramirez (documented 1628). Alejandro de Loarte (c. 1590/1600–1626) and Juan van der Hamen (1596–1631).

Many still lifes and flower paintings of the 17th and 18th centuries were full of allegorical and religious symbolism, a tradition inherited from the 15th and 16th centuries. For instance, the catalogue notes that boxes of fly-ridden preserves painted alongside a closed box (as figures in several paintings by Juan van der Hamen) signify the immaculate Conception. Recent research has suggested that in Sánchez Cotán's "Still Life with Celery," the celery symbolises the Crown of Thorns, and the four blackened carrots the Crucifixion Nails. Certainly many of the paintings can be "read" in this way, but whatever the symbolism it should not detract from the visual pleasures of vegetables and fruit painted masterfully.

The word "bodegon" needs explanation. Although it has come to mean still life, in the early 17th century and even in the 18th century it signified something more. It could be a painting depicting objects of daily life, not just fruit, poultry, vegetables, fish flowers, and it could also contain people. The two great paintings by Velasquez, *Old Woman Frying Eggs* (Edinburgh) and *Christ in the House of Martha and Mary* (London) illustrate the wider Spanish idea of "bodegon." Sadly, neither of these paintings is in the exhibition.

Juan van der Hamen y Leon (1596–1631), who was born of Flemish parents, shows a definite affinity with Flemish traditions in his earlier works, even down to the inclusion of Delft bowls. He was a master at defining different textures, whether of richly ornate fruit bowls containing different fruits, or the simple wooden sweetmeat boxes and jars of preserves which almost make the onlooker lick his lips. He, like Loarte, owed much to Sánchez Cotán, but he softened the dramatic and stark compositions of the latter.

Flemish traditions of precision and verisimilitude mingled in Spain with less exacting styles from Italy. Spanish artists became influenced by Caravaggio, and, when the Bourbon kings of Naples succeeded to the Spanish Throne in 1759, the Neapolitan traditions of fruit and flower painting came with them. By blending Flemish and Italian traditions, the Spanish "bodegon" artists evolved their own unmistakeable styles.

Yale University's *Still Life with Dried Fruits by Francisco de Burgos Mantilla* (c. 1610–1672) shows the two blending – Caravaggiesque contrasts of light and shade in a horizontal composition which descends directly from van der Hamen. Two superb paintings by Francisco de Zurbaran (1598–1664) illustrate the combination of simplicity of composition, accuracy of detail and lighting which seem essential to the stark austerity of many Spanish still lifes.

A similar mix of qualities is evident in a total different subject, the early Velasquez *Stag's Horns* from the Prado, in which a menacing spead-eagled stuffed owl surmounts a pair of antlers, while foxes' and wild boars' masks complete the extraordinarily symmetrical composition.

Antonio de Pereda's (1611–1678) skill is represented by an exquisite round panel of walnuts, a youthful work, which makes a macabre contrast to the *Vanitas* from Zaragoza in which a clock and three skulls are shown from different angles.

Pereda's best known painting, *Dream of Life*, has been lent by the Academy of San Fernando. A fashionable gentleman, resplendent in silk suit and lace collar, sleeps heavily, unaware of an angel hovering beside a table laden with a plethora of objects illustrating worldly wealth.

A section of the exhibition is devoted to flower paintings, including many by the master of Spanish flower painting, *Juan de Arellano* (1614–1676). There are also several delightful flower paintings from Valencia.

Some intriguing *trompe l'oeil* paintings of guns and powder pouches, of prints and music show how "bodegon" traditions continued in the 18th century.

This is a unique collection of paintings. The catalogue by the director of the Prado, Professor Pérez Sánchez, is excellent and deserves to become an important reference work.

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Wednesday January 4 1984

East–West: not so cold

THE NEW YEAR is coming in with signals from both East and West suggesting that the chill that has threatened to freeze relations between the two power blocs may be moderating a little.

Responding to coded but unambiguous overtures from the Nato foreign ministers at their meeting a month ago, Moscow has decided to send its foreign minister, Mr Andrei Gromyko, to the forthcoming Stockholm conference on confidence building and disarmament in Europe. There, on January 18, he will meet Mr George Shultz, his U.S. opposite number. Their last meeting in September, came as close to breaking up in a row as is permissible among diplomats.

There is no dourer player of the diplomatic game than Mr Gromyko. His presence in Stockholm and the meeting with Mr Shultz imply no happy offensive of smiles from the Soviet Union. Yet it is a sign that Moscow does not wish to abandon the dialogue with the West entirely. That possibility could not be excluded when the Russians called off the Geneva talks on limiting intermediate-range nuclear forces deployed in Europe and the Vienna conference on reducing conventional forces.

Similar though less generally noticed signals have come from Germany, and particularly from Berlin. During many years that city was one of the neuralgic points in East-West relations. A series of recurring crises was ended only in 1972 by the agreements which guaranteed the security of access routes to West Berlin across East Germany. Building on these agreements East Germany and West Berlin reached an agreement last Thursday giving the western side operational control of the western section of the S-Bahn local railway system, which had previously rested with the East.

Measured on the world scale it was only a minor agreement. But it did tidy up some loose ends left by the agreements of 1972. By implication, therefore, it confirmed their continued importance to both sides.

On the same day on which the S-Bahn agreement was signed, a New Year message from Herr Erich Honecker, the East German head of state, called for a return to detente. By itself that need not mean much. But it did follow earlier quite explicit statements from East Germany asking that the damage to East-West German relations done by the deployment of cruise and Pershing II missiles in West Germany should be minimised.

Herr Honecker and his followers cannot afford to throw out that kind of suggestion unless they feel sure of Moscow's approval. And, indeed, both Moscow and East Berlin have obvious reasons for taking the stand that they have been adopting. By appearing reasonable in its dealings with Bonn, the East can play upon the fears of the vocal West German minority who dislike the deployment of cruise and Pershing. Over and above that the East may hope to perpetuate and add to the economic benefits East Germany has derived from its often difficult but always special relationship with West Germany.

These amount to more than DM 3bn (about £760m) a year, principally for services to West Berlin and from fees for visas and the use of the transit routes. In addition Bonn last year underwrote a DM 1bn bank credit to East Germany. The political concessions which Bonn hoped for in return have not fully materialised. For instance, the heavily publicised dismantling of shrapnel booby traps on the East-West German border has not progressed very far. None the less, dialogue has continued.

Interests overlap

These events in Germany no more foretell an era of vigorous detente there than Mr Gromyko's meeting with Mr Shultz will usher in an era of cordiality between Moscow and Washington. But in both instances we have evidence that we may escape the "new ice age" which Herr Honecker once foretold if cruise and Pershing were to be deployed.

The lesson of events in Berlin is that the *modus vivendi* between East and West can be preserved by painstakingly searching out areas where interests overlap. That is a challenge above all for western Europeans. If they are to rise to it they will need to make every effort to preserve their unity within the western alliance.

A free market in broadcasting

THE YEAR 1984 would be a good one for the Thatcher Government to confound Orwellian fears about the growth of the centralised power of the state by extending to broadcasting its fundamental philosophy of individual freedom. Since the beginning of wireless it has been virtually impossible to apply to broadcasting the notion that society benefits as individual freedom increases: the freedom to express ideas, to start businesses, to offer or use new services, to provide or enjoy entertainment. The reason is simple. Up to now the technology has been such that each country has been restricted by international agreement to a limited number of wavelengths on which to broadcast radio or television signals. In Britain such limits led to the Government nominating bodies to exploit these scarce resources in the public interest; first the BBC in 1927 and then the ITA (now IBA) when commercial television was started in 1954. Happily this resulted in a broadcasting system which according to international opinion produced some of the world's best programmes. Now, thanks to the coming of cables, satellites and video-cassettes, that scarcity is rapidly disappearing and there are fears that Britain's tradition of "quality" broadcasting will disappear too.

Since the Government has never yet suggested the disbandment of the BBC and since ITV is still enthusiastic to compete with the BBC in supplying a programme diet combining high quality and popularity, this fear can only be based upon the belief that the public, given the opportunity, will abandon quality in favour of the meretricious in such numbers as to make the continuation of quality broadcasting impossible. But is that belief a sound one? Offered the choice of a BBC/ITV mixture or "wall-to-wall Dallas" would the public choose the latter in impossibly large numbers? And if they would, is it really the job of the Government to stop them?

Restrictions

It is surely more sensible to provide freedom for the new technologies to attempt new ways of making and distributing programmes than to set out from the beginning to impose upon the new systems all the restrictions necessitated by the old one. Is this Government of all governments willing to argue that whereas market forces must prevail in the provision of groceries, printed matter and spectacle frames, television programmes are wholly different and must be organised under government fiat?

It would seem to make sense to attempt to retain some of the best of the old while offering all possible encouragement to the new. Since the BBC is a unique organisation which has repeatedly proved not only its ability to make high-quality and popular programmes but also its efficiency (with a far higher output per studio per week than any other broadcasting organisation, for instance) it would be absurd to close it or even change it merely for the sake of reinforcing a government philosophy. Better to raise the licence fee to a figure which would allow the corporation to compete properly and abandon the growing forest of special restrictions now being invented for videocassettes, cables, and other new television technologies. A start could be made by assuring the BBC that they may if they wish shop around on the open market for a satellite system to operate their planned direct-broadcast services.

Then there are the Video Recordings Bill and the Cable and Broadcasting Bill which are on their way through Parliament. The first is taking a sledgehammer to crack a nut: it requires practically all video tapes and videodiscs to be registered and censored prior to publication, a restriction never previously imposed in this country on anything intended for home use, and all for the sake of banishing a handful of "video nasties." These can be and are being prosecuted under existing law.

The Cable Bill seeks to extend to the new technology restrictions on imports and taste which were originally invented because of scarcity in the old technologies. The Government's function in 1984 should be just the reverse: to see that the increased freedom and choice made possible by the new technologies is passed on to the individual. No doubt we shall not like all the resultant programmes. But it may be that today's free society is one in which the individual is as free to watch wall-to-wall *Dallas* rather than Panorama as he is to live off hamburgers rather than lentil soup.

SATELLITE BROADCASTING

Now—the gamble in space

By Jason Crisp in London and David Marsh in Paris

THE high rolling gamblers around the world who are preparing to stake the equivalent of hundreds of millions of pounds on broadcasting television programmes from space are becoming increasingly nervous.

The problems and risks were highlighted in Britain last month when the Government's efforts to push the once enthusiastic BBC into offering a powerful and expensive two-channel direct broadcast service by satellite ran into serious trouble.

Direct broadcasting by satellite (DBS) has captured the imagination of governments, satellite manufacturers, broadcasters, cable television companies and film makers. Their dream—or in some cases nightmare—is that millions of homes will receive extra television channels beamed from a satellite 22,300 miles above the Equator to a small dish aerial a few feet in diameter.

But the risks are enormous and the start-up costs huge. Satellite Television Corporation, one of the leading contenders to introduce DBS in the U.S., is expected to need up to $1bn to get its service into full operation and will require about 3m subscribers just to break even. These high costs, together with changes in technology, have called into question the suitability of the very high powered satellites envisaged for DBS, particularly by the European countries.

These high initial costs mean that it is a long and expensive process to reach a break-even point for any DBS operator. But once the number of subscribers reaches a critical point (probably between 1.5m and 3m depending on the system), DBS has the potential to make very large profits.

Some American companies are already going ahead with satellites which are cheaper and lower powered than originally envisaged, but even with these the costs and risks are high.

In Europe, the power levels for DBS satellites were originally established at an international conference in 1977. But since then there have been major advances in the technology used in the receivers which pick up the satellite signal. The result is that it is no longer clear that Europe needs the high power satellites now on the drawing board. These would transmit signals six to eight times stronger than the most powerful system proposed in the United States.

One indicator that Europe is having second thoughts about the power of its satellites came just before Christmas when Eurosatellite, a Franco-German consortium of Aerospatiale and Messerschmitt Boelkow Blohm (MBB), announced that it would start making medium-powered satellites for broadcasting in addition to the already planned high-powered ones. Since 1979, West Germany and France, the European leader in space technology, have had ambitious plans for high-power satellites (TDF for France and TV-Sat for Germany) to be in orbit by the mid-1980s.

However, both partners are now having second thoughts. The first high-powered TDF1 satellite is due to be launched at the end of 1985 but Paris has not decided to order the second and third satellites needed to make the system operational. There are now similar doubts in West Germany, with also only one satellite ordered.

Other European countries with DBS aspirations such as Switzerland, Austria and Spain are waiting to see how the Franco-German project develops.

In Britain the BBC is baulking at having to spend £350m over seven years using expensive and very powerful satellites built by Unisat, a consortium of British Aerospace, GEC-Marconi and British Telecom.

The BBC is now talking to the Independent Broadcasting Authority to see if the two organisations can share the cost and risks in running the three satellite system. Even if it goes ahead a service is unlikely to start before spring 1987.

Across Europe the future of DBS has become very much a political question with strong commercial and cultural overtones. By contrast, in the U.S. the issue is primarily commercial.

The U.S. has the great advantage over Western Europe in that it is a large country with a common language. But there is also an enormous amount of competition from network broadcast television, local broadcast TV, subscription TV, *cable TV (already in over 37 per cent of homes)*, Multipoint Distribution System (MDS) television which uses microwave and video cassette recorders and video discs.

In spite of all this competition, DBS is beginning, albeit in a rather tentative fashion. The world's first commercial service began on November 15 in Indianapolis in the U.S., with just a handful of subscribers.

The primary markets in the U.S., as in any other country, are the mostly rural areas not connected to cable television. The optimists say the eventual potential for DBS in the U.S. may be as many as 20m or 30m homes by the end of the century.

In the meantime the Federal Communications Commission (FCC) has given provisional permits to 11 organisations wanting to operate high-powered DBS services, including RCA, Columbia Broadcasting System (CBS), Western Union Telegraph Corporation and the National Christian Network.

Yet the granting of these permits does not mean all these companies will go ahead with a service. So far only Satellite Television Corporation, a subsidiary of Comsat, the leading U.S. satellite operator, has ordered any purpose-built DBS satellites.

The leading contenders in the U.S. race for DBS are:

● United Satellite Communications Incorporated (USCI), a joint venture between General Instrument, Prudential Insurance and private investors, which has started the DBS service in Indianapolis transmitting from a Canadian Anik communications satellite. USCI is to offer five channels. The installation charge is $300. The DBS service and equipment rental is $40 a month. It plans to offer a nationwide service by the end of 1985. (In the U.S. cable TV costs about $20 a month for the basic service and about another $10 for a typical *premium film service.*)

● Satellite Television Corporation (STC), the Comsat subsidiary, is to introduce a provisional service next autumn in the north-east of the U.S. using "quasi DBS" until it can launch its special high powered satellites, being built by RCA, in 1986. It will cover about one quarter of the U.S. population from Vermont to Virginia.

In its FCC application Comsat said STC would spend $680m in its first year of operation but observers say it will be nearer $1bn. STC is talking to other companies including CBS.

● Another company intending to introduce a high-powered DBS service is United States Satellite Broadcasting (USSB), set up by the Hubbard family which also owns independent broadcasting companies.

● *The fourth and darkest* horse in the race for DBS in the U.S. is a possible joint *venture between Home Box* Office (HBO), part of Time Inc, and Turner Broadcasting, two of the leading suppliers of cable television programming.

About 350,000 homes in the U.S. are already taking advantage of the more than a dozen satellites which distribute over 100 television channels to local broadcasting stations and cable TV companies in the C-Band. These viewers have bought their own satellite dishes (8 ft or more in diameter) costing about $2,500 to $3,000, and at the moment can receive an extraordinarily wide range of programmes, including all the premium film and sports channels for free.

Yet this may be about to change. Next year HBO is to start scrambling its service so that the people with private antennas will not be able to receive the service. Other providers of premium film channels are likely to follow suit, and Turner Broadcasting is also planning to scramble its service.

None the less, the existence of all these antennas means the is *de facto* DBS to homes in the States already and it is now growing rapidly at about 25,000 to 50,000 systems a month.

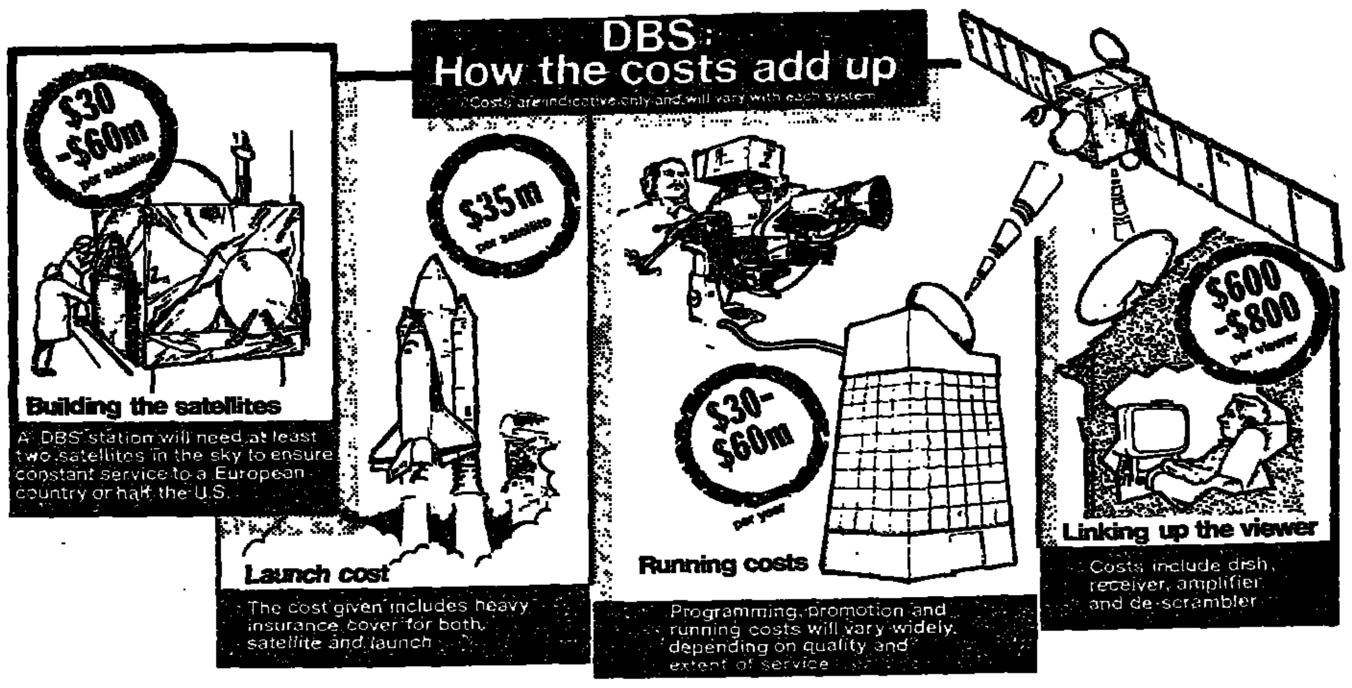
The other main U.S. suppliers of satellite-receiving equipment are: Scientific-Atlanta, General Instrument, Oak Industries, and Alcoa with Japan's NEC. There is a fear in the U.S. that as DBS becomes a mass consumer market it will be dominated by the Japanese companies.

This month Japan is to launch a DBS satellite built by General Electric of the U.S. and Toshiba, which will bring television to its remote islands for the first time.

Meanwhile in Europe, countries like France, West Germany and Britain now face a major problem. They are finding themselves committed, in their different ways, to the widespread introduction of cable television using advanced and expensive technology. But at the same time they are encouraging and expensive DBS service which will to some extent also compete with cable.

Plans already exist for a mixture of medium-powered satellites and cable networks similar to the U.S. Indeed the first European Communications Satellite ECS 1, which went into orbit in June, is just about to start beaming programmes from Mr Rupert Murdoch's SAT-TV group to cable operators in the UK, Nordic countries, Switzerland, Belgium and Holland.

However, most European governments will be most reluctant to see large numbers of extra channels beamed into their countries from companies like SAT-TV which are outside the control of any one country. Until now European governments have been able to keep a tight control on broadcasting. But DBS is much harder for individual governments to control because the satellites broadcast across frontiers. In addition the technology of DBS is changing so fast that slow-moving governments may find *their countries saddled with unsuitable or uneconomic systems.*



Brana Radovic

COMPANIES entering DBS face a number of critical questions on the type and power of satellite to use. For price and environmental reasons, the smaller the dish needed to receive TV from space the better. But smaller dishes on the ground means spending more money on the satellite in the sky.

The key to the size of dish is determined by the power of the signal reaching the ground. *This depends upon* the power of the satellite transponders and the concen*tration of the beam*—rather like a torch beam. The other factor is where you are within that beam—the further away from the centre the larger the dish is needed.

There is an international agreement on the radio frequencies and satellite slots which can be used for DBS. The main point about the satellites in the DBS frequency, part of the Ku-Band, is that they are a long way apart, which means they can be very powerful without interfering with each other.

But the issue is complicated because it is possible to offer DBS using the much less *powerful satellites* transmitting in other parts of the radio frequency. In North America satellites are widely used to distribute TV to local broadcasting stations and cable operators. These low-power satellites broadcast in the C-Band, a much lower frequency than the Ku-Band, and at lower power. But the pictures can still be received with 8- to 10-foot dishes.

In the U.S., part of the Ku-Band, not allocated to DBS, is used by communications satellites for transmitting voice and data about the country. Although the power of the satellites is restricted to about one-quarter of DBS, they can still be used for sending TV direct to homes, *especially if the* beams are concentrated on a small area. USCI and STC, *initially*, are *using this part* of the band.

There are also differences between C-Band and Ku-Band:—

● C-Band has cheaper electronics, is not affected by rain, and is a proven technology with over 300,000 receivers in the U.S. already. Its disadvantages are restrictions on satellite power, and interference from terrestrial microwave links, particularly in urban areas.

● Ku-Band needs smaller dish aerials, and more complicated electronics. The price should come down as production volumes step up.

True DBS satellites which will be launched in 1986 may use transponders with a power of 200 watts, which compares with less than 20 watts for most satellites currently in use.

Men & Matters

Soaring trade

Hawaii's position close to the Equator makes it an ideal launch site for space rockets. They will receive an extra "kick" into orbit from the earth's rotation about its axis.

Which is why we may have to practice getting our tongues around "The Waiahukini Space Centre." A group of U.S. entrepreneurs has filed plans with the Hawaii state government to turn an area of wilderness there into one of the world's most modern rocket bases.

Space Services of Houston wants to challenge the dominance of government agencies in putting satellites into the skies.

The company is promising to put space vehicles weighing *half-a-ton* into orbit some 250 miles above the earth for about $10m a time. At that price the *private rocketeers would* be highly competitive with the U.S. Government's space shuttle.

But the Hawaiians are not wholly enthusiastic about having a rocket base on their doorstep. Environmentalists do *not want the island's natural* beauty disturbed.

There is another problem, though it appears not to worry David Hannah, chairman of Space Services.

Hawaii is littered with volcanos and suffers almost continual earth tremors. Any rockets due to lift off from the island might receive an unexpected extra boost.

"I suppose as a senior Treasury civil servant, you must be very worried about the sharp rise in tea prices"

Colour TV

Many white South Africans spent the New Year week-end twirling knobs on their television sets in an effort to tune into the first transmissions of one of apartheid's strangest creations, Bophuthatswana TV.

Only a *handful* had any success. But that is the way the state-owned South African Broadcasting Corporation wants to keep it. Bop-TV is meant only for the citizenry of Bophuthatswana, one of South Africa's four "independent" tribal homelands, not for whites eager for a change from the *dull fare (much of it political* propaganda) dished up by the SABC.

Pretoria would have liked Bop-TV to confine its beam to the homeland—difficult enough since the "state "of Bophuthatswana consists of seven separate pieces of land. But in terms of South Africa's race policies, all *blacks in "white" South Africa* are deemed to be citizens of their "independent" homelands, and the government of Bophuthatswana, understandably, wanted its TV service to reach all its people, *including* the 1m who live in the cities.

The SABC has agreed to make its facilities available *for* the transmission of Bop-TV signals to Soweto and other black townships in "white" areas. It does not seem to care about Zhosas, Zulus, Basotho, and other black ethnic groups sharing the TV service. But Heaven forbid that whites should see programmes like The New Avengers, and Boney *M, or view exiled black South* African singer Miriam Makeba.

Thanks to modern telecommunications technology, Bop-TV's signal is, thus, being carefully beamed only in the direction of known concentrations of Tswana citizens. Some white suburbs near the black townships can pick up a "spill-over" signal, but short of buying expensive new aerials, most whites are stuck with censored SABC programmes.

Bank note

Staff at the London branch of the Mitsui Bank have apparently *not been as attuned as they should have been to* Japanese working habits.

They have been reminded in a memo from the management that though they can read magazines and newspapers during the lunch hour, "after lunch hour you have to begin with your job."

Food, drink, and personal telephone calls, it is suggested, should not then be allowed to distract anyone from the job in hand. And the memo adds plaintively: "Please don't sing a song during working hours."

Show boats

The 30th London Boat Show which opens at Earls Court tomorrow has chosen as its theme New Orleans. *There will* be a replica Mississippi sternwheeler trapped on the central *pool with nowhere to go.* And much puffing and blowing by Dixieland-style band.

All great fun. *But cynics are* suggesting that the U.S. setting this year reflects a sharp understanding by the British boating industry as to where its best overseas market lies from now on.

With the dollar historically strong against the pound British-built boats, and marine equipment such as engines, electronics, and sailing gear, are starting to sell well in the U.S., often undercutting local *products.*

Some famous names have dropped out of British boat-building—traditionally a craft industry of small firms—during the past few difficult years.

But Tom Webb, director general of the Ship and Boat Builders National Federation, estimates that, while total sales for 1983 will probably be not much above the £272m recorded in 1972, export sales will prove to be strongly up by some 28 per cent.

Pension age

As the High Court battle over the mineworkers' pension fund showed, *pensions* are no *longer* merely the dry-as-dust concern *of the over-50s. But has the pen*sions industry really become riveting enough to justify its own newsline?

Legal and General evidently thinks so. It has set up a 24-hour telephone service so that the dedicated pensions watcher can keep up to date, day or night, with the industry's hot news.

The recorded summary will be changed every Tuesday *morning—and more frequently* if required to keep abreast of what is somewhat myseriously described as a "major pensions event."

L and G's John White sees no problems in keeping the hot line buzzing. "1984 is going to be Pensions Year," he confidently asserts, and pronounces himself very pleased by the 60 or so calls received yesterday, the first day of the service.

The newsline is designed for "anybody who is into the pensions scene," according to *White*, and comments from callers yesterday appear to have been complimentary *except for one who complained* that the tape was "a little bit low on volume." A pensioner, *no doubt.*

Observer

MALTA

A deeply-divided little island

By Alan Friedman, recently in Valletta

THESE ARE ominous times for the George Cross island of Malta. The normally sun-drenched mini-state, situated smack in the centre of the Mediterranean and within spitting distance of Sicily, is facing an escalating political crisis which is widely seen as the most serious since Mr Dom Mintoff, the Prime Minister, led his Labour Party to power a dozen years ago.

The country is deeply divided, with neighbour set against neighbour, as the private sector, Catholic Church and opposition Nationalist Party all claim they are under attack from what they see as an increasingly undemocratic Government. Conversations with the island's business and political leaders soon reveal an atmosphere which is emotion-laden and polarised. None of the players however—from the most conservative backers of the Opposition to the most doctrinaire Socialist Mintoffians—holds the moral high ground. All are party to a debilitating impasse which threatens to sap Malta of the energy it needs to stage an economic and political recovery.

Dr Eddie Fenech Adami, Opposition leader and (right) Mr Dom Mintoff, the Maltese Premier.

As if to compound the domestic problems, word has leaked out in the past few weeks of a secret treaty between Malta and North Korea, which provides Mr Mintoff's Government with three anti-aircraft weapons, mortars, rifles and pistols worth just over £1m. The news of the North Korean treaty, which is being studied with interest by Nato countries, comes just as Malta's five-year neutrality treaty with Italy is running out. In Valletta, Western diplomats say it is inconceivable that such weaponry could be considered relevant for defence against an external threat. "This looks like part of a Government attempt to rule by fear. The North Korean arms are of the type one associates with crowd control," commented one diplomat.

The North Korean episode is only the latest instalment in Malta's erratic foreign policy. Mr Mintoff has always stressed his preference for non-alignment while making the rounds of East Bloc and Western countries asking for aid. The Italians, condemned by geographical proximity to be Nato's unofficial watchdog over the island, have provided a $100m package of aid tied to the neutrality treaty with Malta.

In 1981 Malta signed an oil bunkering agreement and separate neutrality pact with the Soviet Union, alarming Western Europe as it came shortly after the Italo-Maltese agreement and two years after Mr Mintoff had closed the British military base which he saw as a remnant of the colonial past.

At home the political crisis which has engulfed Malta seems somehow larger than the tiny island, which is smaller than the Isle of Wight and has a population of just 328,000. Local historians like to see the current strife as a logical outgrowth of the island's ancient heritage of siege and warfare, ranging from its part in the Carthaginian Wars to the Ottoman Siege in the 16th Century.

The origins of the present crisis, however, go back to the controversial election of December 1981 when Mr Mintoff's Labour Party gained a three-seat majority in the 65-member Parliament despite an absolute, 51 per cent electoral majority for the Nationalist Party.

The election result touched off charges of "blatant gerrymandering" by the Opposition and led to its 15-month parliamentary boycott which ended in the spring of this year. The single hottest political issue since has been the question of broadcasting: after years of claiming the state-run television channel was partial to the ruling Labour Party, the Nationalists in 1981 set up a rival station based in Sicily. Pressure from the Mintoff Government caused the Italians to close this operation down.

The Opposition (and some Western diplomats on the island) say the Maltese television station is a politically biased tool of the Mintoff Government. In February 1982 the Nationalists implemented a highly effective boycott of all products advertised on Malta Television. The boycott was supported by half the population and virtually eliminated advertising revenues. Until last Friday's lifting of the boycott, the Government was still striking back with "counter measures" which business leaders saw as a direct attack on the private sector.

The Nationalist Party described its decision last week to lift the boycott as "a goodwill gesture" which, it hoped would open the way for a resumption of private talks with Mr Mintoff's Government on broadcasting and a number of constitutional reforms.

Dr Carmelo Mifsud Bonnici, senior Deputy Prime Minister and Mr Mintoff's designated successor as leader of the Labour Party, warned recently that members of the Labour Party-linked General Workers' Union (GWU) could black imports on the dockside unless importers agreed to advertise. It might be "futile" to apply for import licences if businessmen did not comply and advertise, he said.

Much of these heated polemics could be dismissed as village-style political feuding in a small community were they not having a dangerous impact on both the social fabric of the island and on the recession-hit Maltese economy. Unofficial estimates put unemployment at 18 to 20 per cent against the Government's figure of 8.8 per cent.

But it is not only the politicians and businessmen who are in the fray: the Roman Catholic Church also claims to be under attack on an island where more than 75 per cent of the population are regular churchgoers. The Church cannot claim to have been above politics—it has traditionally been close to the Nationalist Party. But no one was prepared for the battle which commenced last July when the Government introduced legislation which gives it the right to expropriate a significant portion of property which is not clearly documented by title or which had been bequeathed to the Church and held for a period of more than 10 years. The Church has now taken the Government to court to stop the legislation.

Monsignor Philip Calleja, who handles the Church's finances, accuses the Government of "a systematic campaign against the Church" by refusing it permission for certain services and by trying to take away property in order to finance the public education system.

Dr Mifsud Bonnici argues that "a good part of the property was acquired on the pretext that the Church could go on saying Masses for the repose of souls indefinitely. We consider that a person enters Heaven under his own steam. This saying of Masses after death is medieval."

While the Monsignor says he cannot possibly produce deeds for 900-year-old parishes, the senior deputy prime minister says he hopes "they will find it very hard to find titles so they will be forced to devote some of their wealth to the Government's social and educational purposes."

All of the above issues may bear the hallmarks of an escalating crisis on the island. And five weeks ago, uproar followed a Government-authorised raid on the Nationalist Party's headquarters just outside Valletta. At a few minutes before midnight on November 25 around 100 plainclothes police entered the three-storey building, smashing open offices and removing wall panels in the office of Dr Eddie Fenech Adami, leader of the Nationalists. The Government promptly put on display an "arms cache" of four shotguns. Dr Fenech Adami disclaimed any knowledge of them and suggested the guns might have been planted.

Dr Fenech Adami described the raid, which is seen by Western diplomats as an attempt to intimidate the opposition, as a "blow for democracy" and "worthy of dictatorial regimes." He told the Financial Times that he feared Malta was "fast becoming a police state," a claim which even some Government critics might view as exaggerated.

Is Malta's democracy being eroded? According to diplomats from three Western countries the answer is yes, slowly but surely. "They have gone a long way from democracy. That is undeniable," said one. Another cited the threats that had been made against importers to advertise or face a blacklist on the docks: "They are making businessmen pony-up for revenues lost by Malta Television. If that is not autocratic and dictatorial, then what is?"

The Maltese Government denies all of this, however. One Minister says it is all simply a matter of "style." Dr Mifsud Bonnici says: "Look around you. Does this look like a police state?" The answer, as one surveys Valletta's windswept ramparts from the calm of the Phoenicia Hotel, must be no. But the signs on this Mediterranean island are ominous, with a glimmer of hope induced by the lifting of the Nationalist boycott on goods advertised on Maltese television. The need for a national reconciliation remains as urgent as ever.

U.S. Financial Institutions

How to cope with the ferment in the market

By Senator Jake Garn

NOT IN at least 50 years has the United States experienced such fast-paced change as today in the marketplace for financial services.

Government must remain abreast of such changes in order to guarantee that there is no disruption that could threaten the entire economy to alleviate competitive inequities that are sure to arise during periods of rapid change.

Government should not seek to avoid the challenges associated with change by trying to preserve the status quo, especially not when consumers of financial services are voting with their dollars overwhelmingly in favour of the new competitive initiatives.

Today Congress is being challenged to respond positively to the competitive inequities arising from the development of financial institution supermarkets that are breaking down the old market segmentations among banks, thrifts [U.S. savings and loans institutions], brokers, investment banks and insurance companies. Congress also is being challenged to respond positively to breaches in the wall that has traditionally separated commerce from finance.

Senator Jake Garn

The development of financial institution supermarkets has led to competitive inequities for commercial banks, in particular, because they tend to be subject to the most severe restrictions on their ability to affiliate with other types of firms in the financial services industry.

Last July, I introduced legislation proposed by the Reagan Administration that would enable commercial banks to affiliate with other types of firms in the financial services industry. Specifically, banks would be authorised to affiliate with thrift institutions as well as firms in the insurance business, the real estate business, and in a broader range of securities activities.

To engage in these activities, however, banks would be required to establish separate holding company subsidiaries. Thrifts, as well as firms engaged in insurance, real estate, or the permissible securities activities, conversely, would be allowed to purchase banks, but they too would be required to use the holding company structure. This structure was required to assure that all firms in a particular business would be treated the same (in terms of regulation, taxation, etc.), to isolate risk and to guard against potential abuses of financial power.

With regard to the separation of commerce and finance, the Administration's Bill proposed a flat prohibition (except in limited emergency situations) on the ownership of a bank or thrift charter by a holding company with interests outside the financial services industry.

On the basis of hearings that the Banking Committee has held thus far on the Administration's Bill, I believe the arguments for adopting the holding company structure are strong. At the same time, I believe further discussion is warranted on the question of whether non-financial firms should be completely excluded from affiliation with limited-purpose depository institutions.

To further the debate, I introduced a new Bill, entitled the Financial Services Competitive Equity Act on November 18. Among the ways this draft differs from the Administration Bill is in providing for "consumer banks" and "qualified thrift lenders" which could be owned by holding companies with interests outside the financial services industry.

A major public policy reason for prohibiting such affiliation is to avoid the opportunity for a non-financial firm to fund itself through a subsidiary issuing federally-insured deposits. My draft legislation would eliminate the potential for such a conflict of interest by strictly limiting the commercial lending powers of "consumer banks" and "qualified thrift lenders."

A "consumer bank" would be primarily in the business of making consumer loans, and "a qualified thrift lender" would be primarily in the business of making residential mortgage loans.

My newly introduced draft also includes Bills introduced by other Senators raising financial-structure issues that should be discussed at this time. Among these issues is whether the time has come to authorise interest payments on all transaction accounts available to all sectors of the economy as well as interest payments on the reserves which the Federal Reserve now imposes on all depository institutions.

Most importantly, I am convinced that Congress must, once again, respond constructively, as it did in 1980 and 1982, to the continuing ferment in the financial services industry. Consumers of financial services continue to vote with their dollars in favour of the competitive initiatives of the industry. The role of government must be to protect the public interest and to foster competitive equity.

The author is chairman of the Senate Banking Committee.

Letters to the Editor

Personnel management—a first division function

From Mr G. Christiansen

Sir,—May I comment upon the attitude towards the personnel function portrayed in one part — the 9th paragraph to be precise — of the otherwise excellent article (December 28) entitled "Survival, we now see is not enough" written by a finance director of a North West company.

After explaining that traditional joint consultation will not change union expectations about pay and conditions, your writer says "A constant chipping away by senior management is far more important than the personnel manager having tea with the convener. As in many other activities, service functions may actually get in the way of progress."

Those two sentences embody attitudes more appropriate to the 1950s than to the 1980s, for example:— senior management does not include the personnel function; senior management tries to make progress, personnel people spend time in appeasement meetings; and the personnel function has little or no contribution to make to the running of the business and may actually impede it.

May I respectfully say to your correspondent, that if that is what he expects of the personnel function, if that is the role which his company assigns to it, he deserves the consequences about which he complains.

The personnel function has a major contribution to make to the running and success of a business in times of recession or growth, in times of change or consolidation, in times of industrial conflict or peace. A quick glance at certain business ratios illustrates the importance of the effective management of people towards business objectives, e.g., the proportion of total business costs represented by people costs, the ratio of profit/employment costs. I believe that the effect on a business which deductions in, or the achievement of greater value for, those costs can be significant.

Clearly it is not to be suggested that there are magical powers vested in the personnel function simply waiting to be called upon to solve all a company's problems. What I do believe is that the personnel function is not a "second division" function as implied by the article.

On the contrary, it is a "first division" one which ought to have a first division player as an equal member of the most senior management team in a company. His role is to work with his colleagues to help them achieve their business objectives by ensuring that people through whom those objectives are to be achieved are the right people, organised in the right way, doing the right tasks, with the right skills, in the right manner, with the right rewards.

Companies which make such demands on the personnel function and accord it the standing in the organisation which such demands require will readily acknowledge the benefits which accrue to the business. Far from impeding progress, the function is recognised as making a positive contribution to progress and change.

G. Christiansen.
17, Buttermere Road, Gatley, Cheadle, Cheshire.

Abolishing fixed commissions

From Mr C. Jeffrey

Sir,—Mr Ingram (December 23) raises several important issues in relation to the increasing power of the institutions in the London Stock Exchange. In querying why unit trusts are not liable for capital gains tax on their transactions, however, he is missing an important point of principle.

Namely, that an individual who chooses to have his investments professionally managed in either a unit or an investment trust shall not be at a fiscal disadvantage when compared to someone able to make such investments directly.

The abolition of fixed commissions will make these institutions increasingly attractive to private individuals and it is important that such principles are widely understood and protected.

Christopher Jeffrey.
The Tower, Wormit, Fife

West Germany's birth rate

From the Information Officer, Population Concern

Sir,—Attention must be drawn to West Germany's perceived consequences of her low birthrate and the appeal by Dr Waffenschmidt of the Interior Ministry for an additional 200,000 births every year (December 15).

A state's "capacity for innovation" depends far more on the quality than on the quantity of life. The former is likely to be enhanced — materially and non-materially — when there are only a small number of children.

It must be remembered too that children as well as old people incur social spending and are in a sense a burden on the working population. All those who will be elderly between now and about the year 2050 have already been born; their needs can at least be planned for. But to suggest adding the burden of more children as well — not to mention yet more old people in 60 or 70 years' time . . . The West German state should take a long-term view: once a more or less stable population at a lower size has been achieved, the number of old people in the population would also stabilise at a perfectly normal proportion.

The dangers of "competitive breeding" — in this case encouraging the indigenous population to maintain their numbers against the country's foreign residents — and the immorality of the thoughts behind it, hardly need expounding. Nor, I think, do the thoughts and consequences of breeding in order to maintain the existing size of armed forces (a size, moreover, which will be increasingly large in relation to the size of the population itself).

And what about the "extra" children themselves? With West Germany's unemployment figures at 2.3m, what prospects will there be for these children, apart from the opportunity — and then only for the males — of serving in the armed forces?

Fiona Goble.
231, Tottenham Court Road, W1.

The future of Reuters

From Mr G. Field

Sir,—I refer to your leader on Reuters (December 29) which highlights the fact that Reuters' activities are clearly divided into international news agency and financial information services.

I believe it is essential that these two functions should be clearly separated, for there always will exist the possibility of the profit motivated commercial activities of the financial information services impinging on the functions of the news agency.

It seems, therefore, that the logical and practical course to adopt would be to float the financial information services as a separate public company and to leave the news agency under the present trust arrangements. This would ensure that the quality and impartiality of Reuters news was maintained while the financial information services would compete openly with similar services and be able to raise capital to fund for developments.

Guy Field.
Little Perrow, Old Road, Buckland, Betchworth, Surrey

Fiduciary issue from Mars

From Mr L. Jackson.

Sir,—Mr J. M. Barber's letter (December 28) opens up interesting possibilities. Surely it would be fairly primitive to require 100 per cent cover for the notes? A Mars fiduciary issue should be backed by a minuscule portion of a Mars bar a la Bretton Woods. To give credibility, large stocks would, of course, have to be held at Fort Knox and by the Bank of England and other centres.

I see only one snag. Transfers of gold can be effected by simple book entries. To ensure that the Mars backing in the vaults should not become a less edifying store of value over time, it would be desirable for the authorities to release quantities equal to total world demand against immediate replacement by the manufacturers. Transport costs could be absorbed via customary collusion between authorities and manufacturers.

The net result would be that everyone would enjoy fresh Mars bars, the manufacturers would not notice the difference, and — if Nicholas Colchester is right — we should have rid the world of inflation. What an exciting prospect for the 21st Century!

Leonard A. Jackson.
Stable Cottage, Speldhurst Road, Langton Green, Kent.

A tale of two transfers

From Mrs I. Haag

Sir,—Two recent transfers: £200 from a Swiss bank into an account with a British bank in London — charges 2.5 per cent; FFr 4,650 from a Swiss bank into an account with a French bank in Paris — charges 0.93 per cent. The City and its services are unique, it is claimed, but don't we pay for it!

(Mrs) Inga Haag.
1 Upper Wimpole Street, W1.

FINANCIAL TIMES

Wednesday January 4 1984

JESSE JACKSON'S SUCCESS PUTS PRESSURE ON REAGAN

U.S. to reassess Mid-East policy

BY STEWART FLEMING IN WASHINGTON

PRESIDENT REAGAN, with his most senior foreign policy officials and closest aides, yesterday launched an election year reassessment of Middle East policy in the wake of the Syrian Government's decision to release the captured U.S. airman Lt Robert Goodman.

The Syrian move, which came in response to a controversial and widely criticised journey to Damascus by the Rev Jesse Jackson, the only black contender for the Democratic Party's presidential nomination this year, has added to mounting political pressure on the Reagan Administration to pull the 1,600 U.S. marines out of Beirut.

France and Italy have redeployed or indicated that they will reduce their contributions to the multinational peacekeeping force. Britain's token force will remain, although Mr Neil Kinnock, the Labour Party leader, attacked the Government's refusal to reconsider its contribution to the multinational force.

Reagan Administration officials, who had been highly critical of the Rev Jackson's freelance diplomacy before he left for Syria on his self-styled "pilgrimage to Damascus" last week, were forced yesterday to praise the success of the visit, which has cut across U.S. Government negotiations with Syria. But while welcoming the Syrian decision, which Mr George Shultz, the Secretary of State, said "can only be helpful to the course of relations between our two countries," officials stressed that they did not intend to permit the Syrian move to press them to alter U.S. policy in the Lebanon.

Mr John Hughes, a State Department spokesman, said at a briefing that the reconnaissance flights by U.S. fighters over Lebanon, which have brought the U.S. and Syria to the brink of military confrontation, would continue.

Mr Larry Speakes, the White House spokesman, when asked if the U.S. was preparing to reciprocate the Syrian gesture, said no policy changes were expected. "Our gesture is to double efforts to seek a peaceful resolution" of the conflicts in the Lebanon and described the Syrian move as a humanitarian rather than a peace gesture.

Despite the Reagan Administration's contention that it is not going to be pressured by the Syrian move, the Syrian president's unexpected decision to release Lt Goodman is just the latest in a series of developments which appear to be pushing Mr Reagan inexorably away from the current role of the marines in Lebanon.

A Pentagon-sponsored report on the Beirut bomb attack on the marines in October, released last week, has given new legitimacy to criticisms not only of the marine's security procedures, but also of their mission.

Both Republican and Democratic Congressmen have been reporting waning support for the Administration in the country and House Democrats have been hinting that the powerful Speaker of the House, Mr Thomas P. O'Neill, is considering congressional moves to shorten the 18-month stay which Congress approved for the marines under the War Powers Act. House Democrats who are monitoring the Lebanon were meeting yesterday.

Reagan officials refused to comment on the substance of the White House talks on the Lebanon and formally there was no change announced in U.S. policy to keep the marines in Beirut.

Arafat policy talks end, Page 3; Jackson blow to Mondale, Page 4

Big U.S. banks cut exposure to developing countries

By William Hall in New York

THE EXPOSURE of the nine largest U.S. banks to the world's most heavily indebted countries has begun to decline for the first time since the international debt crisis broke 16 months ago.

The nine banks, which account for close to two thirds of all U.S. bank lending to the financially troubled developing countries, cut their lending to the 13 most heavily indebted countries by $500m to $61.9bn in the six months to end June 1983, according to figures in the latest survey of U.S. bank exposure, published recently by U.S. bank regulators.

In the first six months of the crisis, the same banks increased their exposure to those countries by $3.9bn as they continued to disburse loans committed before the crisis.

The nine banks are much more heavily exposed, relative to their size, than the smaller U.S. banks, and the reduction in their exposure will be welcomed by those who have argued that U.S. banks have over-lent to developing countries facing financial difficulties.

U.S. BANKS' CROSS-BORDER LENDING (End June 1983)

	All U.S. banks ($bn)	% of bank capital
Mexico	25.4	34.0
Brazil	20.5	27.4
Venezuela	11.2	15.0
South Korea	10.6	14.2
Argentina	8.4	11.2
Chile	5.6	7.5
Philippines	5.9	7.9
Indonesia	3.2	4.3
Peru	2.6	3.5
Yugoslavia	1.9	2.5

Source: Federal Financial Institutions Examination Council.

Moody's, the U.S. credit rating agency, which downgraded the paper of the big banks in March 1982 because of its concern about the impact of developing country lending on bank balance sheets, said last week that "accounting conventions are being bent to avoid the recognition of the diminution in value of these bank assets." The agency warned that banks faced a "substantial risk of loss of interest and/or principal on some of these loans."

One measure of the exposure of the large U.S. banks is the percentage of the bank's capital covered by loans to countries facing difficulties. At the end of last June, that amounted to 205 per cent, down from 215.2 per cent at the end of 1982.

By contrast, the U.S. regional banks, which have been cutting their lending more rapidly than the big banks, had loans to the 13 heavily indebted countries equivalent to only 61.2 per cent of their capital at the end of June, down from 65.3 per cent at the end of 1982.

The latest figures indicate that the banking regulators appear to have had some success in stemming the rush for the door by the smaller U.S. regional banks. According to the figures contained in the latest country exposure survey published by the Federal Financial Institutions Examination Council, the 166 regional banks monitored increased their lending to the 13 countries by $340m to $18.7bn between end 1982 and end June 1983.

Indeed, the regional banks increased their overall international lending by the largest amount in the six-month period. Total cross-border lending by that group of banks rose by $3.5bn to $84.1bn. The vast bulk of the increase was accounted for by increased lending to developing countries.

Total cross-border lending by the 190 banks monitored by the U.S. bank regulators rose only by $2.6bn to $355.9bn. The top nine U.S. banks increased their lending by $2.1bn to $207.4bn, but the next 15 biggest cut their total lending by $2.9bn to $64.4bn.

The slow growth in international lending by all U.S. banks is running at only half the pace of the growth in the banks' capital base.

London tea prices at record levels

By John Edwards in London

TEA PRICES surged to record levels at the London tea auctions yesterday. Brokers said there was "exceptionally strong demand" from buyers after India's recent decision to ban the export of CTC-grade teas.

Although an increase in prices had been widely anticipated, the strength of the market caused some surprise. The average price of quality teas jumped by 50p to 330p ($4.78) a kilo and medium-grade by 56p to 308p. Low-medium-quality teas were 20p up at 308p, but only small quantities were on offer. The all-tea average price will not be calculated until today but is expected to be 30p-35p higher at around 285p, well above the previous all-time peak of 269.9p reached in March 1977.

Brooke Bond, which claims some 30 per cent of the UK retail tea market, said yesterday that it was looking at the situation after the strong rise in auction prices. The company commented, however, that a further rise in retail prices could not be deferred for long. Retail prices of tea in the UK were increased in April and December last year, but they are lagging behind the rise in auction prices, which have now more than doubled in the past nine months.

Brokers commented that, after prices levelled out in December, another rise had already been expected. However, India's decision to ban the export of CTC accelerated the rise by reducing the amount of tea available worldwide outside India.

CTC (cut, tear and curl – the method used to process the leaf) provides the bulk of Indian tea exports to the UK, since that type of tea is used in four fifths of British blends. Although the ban has already achieved its objective of lowering domestic prices in India, export earnings will be reduced severely if the restriction lasts for too long. Brokers in London forecast that if the rise in prices is sustained, India may be tempted to lift the ban earlier than originally planned.

It is the growth in Indian domestic consumption that has largely been responsible for creating the shortage of tea supplies elsewhere at a time when stocks have been reduced by poor crops after a long period of depressed prices.

Tea traders fear that very high tea prices may harm long-term consumption, once the present panic buying and hoarding ends. However, prices of alternative beverages, cocoa and coffee, are also high.

Cocoa prices for May delivery on the London futures market yesterday rose sharply by £41.5 to £2,031 a tonne: the highest for over five years. Yesterday's increase was attributed to fears that the coup in Nigeria, the world's fourth biggest cocoa producer, may disrupt supplies.

Commodities, Page 26

Governments back claim to Thai refinery contract

BY PETER BRUCE IN LONDON

THE BRITISH and French Governments plan to lend their weight next week to urgent efforts to retain a record $622m contract, won in April 1982 by an Anglo-French consortium to expand an oil refinery near Bangkok, the Thai capital.

The Thai authorities are threatening to open the contract to new international tenders after the collapse of talks in London, late in November, over financing.

The decision to send a small group of senior officials from the UK Trade and Industry Department and the French Finance Ministry to Bangkok for next week's talks was taken late yesterday. The negotiations were first scheduled as a series of meetings between the consortium partners – Davy McKee of Britain and Procofrance and Technip of France – and the Thai Oil Refinery Company (Torc) and the Thai Government.

The week-long meeting will coincide with a long-planned visit to Thailand by Mr Norman Lamont, UK Minister at the Department of Trade and Industry. It is likely he will also discuss the threat to the contract in his talks with Thai Government officials.

It is understood that it was the intervention of the two European governments that persuaded angry Thai officials not to call off the deal immediately after negotiations between the Thais and the two banks originally involved in the project – Barclays International and Société Générale – broke down in London last November.

The Thai authorities were annoyed about the stiff loan conditions laid down by the banks, particularly a proposal that the expanded refinery insure itself against losses. The Thais are looking for finance to cover the total cost of the project and want loans to be repaid out of Torc profits. But the European banks, wary about the soft oil market, had balked at that.

Mr Ob Vasuratna, Thai Industry Minister, said in Bangkok yesterday that if next week's negotiations failed, no further talks would be held and new bids for the project, the biggest won in Thailand by either Britain or France since the Second World War, would be called for.

The Thais have now dropped London merchant bankers N. M. Rothschild from their advisory role and placed the entire negotiation in the consortium's court. The contractors, who have taken new advice from, among others, Morgan Grenfell, are expected to offer the Thais more liberal terms.

Beta loses ground to VHS

BY JASON CRISP IN LONDON

THE WORLDWIDE battle for a standard video cassette recorder (VCR) format took a decisive turn this week when Zenith Radio in the U.S. switched from the Sony Beta camp and joined the growing band of companies that support JVC's VHS format.

The Japanese company JVC is now close to winning the three-cornered fight between the rival, and incompatible, video cassette formats. VHS, developed by JVC, has dominated in all the world's main markets for some time, but now several companies committed to the other two formats are weakening and preparing to switch to VHS.

The second format is Beta, developed by Sony of Japan, which has a quarter of the world market. The main supporters of Beta include Sony itself, Sanyo and Toshiba. The least successful format is the V2000 developed by Philips of the Netherlands and supported by Grundig of West Germany.

Signs have been increasing in the past two months that VHS is now accepted by most companies as the dominant standard. One of the most significant indicators was an announcement by Philips and Grundig in November last year that they would make VHS recorders for sale outside Europe.

VIDEO CASSETTE RECORDERS
Percentage market share

	VHS	Beta	V2000
U.S.	75	25	–
Japan	70	30	–
W. Europe	66	23	11
UK	70	27	3

Source: Mackintosh Consultants

The Philips V2000 format has had a limited success in Western Europe and is not sold in the U.S. or Japan. Its most important markets are West Germany, Belgium, Luxembourg and the Netherlands, but even in those countries it trails behind VHS. The industry greatly doubts whether Philips will continue with the V2000 format for long. When it announced that it was to make VHS recorders it said they would not be sold in Europe "in the first instance."

Now even the future of the Beta format is beginning to look less certain. Late last year, Toshiba, one of Beta's main supporters, announced that it would make and sell VCRs using the VHS format in Europe. Toshiba is to start assembling the VHS recorders in Britain at its colour television plant in Plymouth. NEC, another supporter of Beta, is starting to sell VHS in some markets.

Even Sanyo, which leads in selling cheap Beta VCRs, is not fully committed to the format and offers VHS in some markets, including Sweden and Switzerland. The move by Zenith to VHS is a particular blow to Sony as it was the only leading U.S. company supporting Beta.

Zenith is to announce its detailed plans next month. The company will launch a range of products using VHS, including portable units and video cameras. It joins a formidable array of Japanese consumer electronics groups offering products based on the VHS format. They include JVC, Matsushita (National Panasonic), Hitachi, Mitsubishi, Sharp and Akai.

Britain is still by far the largest market in Europe for VCRs, and VHS is the leading format.

The quality and price differences between the three systems are relatively small, but the early success of the VHS recorders has resulted in more pre-recorded programmes and films being available in that format. The greater availability of programmes has in turn added to the success of the recorders themselves.

Sony, however, says it still has absolute confidence in the Beta format and points out that Pioneer has just started making VCRs using that format in Japan.

The future of Videotex, Page 6

Rival Peugeot unions clash

Continued from Page 1

sion inside the plant. Several people were slightly injured during the clashes, which lasted most of the day.

Although the CFDT again called for strike action against the redundancies at Talbot, the larger pro-Communist CGT union continued to adopt a more moderate approach to the complex labour dispute.

Nigeria debt repayment

Continued from Page 1

ket in Makurdi, capital of Benue state, central Nigeria, was closed because of looting and demands for lower food prices.

Soaring inflation for staple foods has been a key factor behind popular discontent in Nigeria. Reuters news agency said some soldiers had been touring markets forcing traders to reduce the prices of food and other commodities.

Trading companies also reported moves by government officials to get more goods on to the shelves after Maj-Gen Buhari declared that availability of basic commodities in the shops and markets was his prime concern.

Maj-Gen Buhari has said that some of the former Government's economic advisers might be retained in his administration, which would provide reassurance to the business community.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	12	54	Dubrovnik	F	14	57	Malaga	S	14	57	Salzburg	S	9	48
Akrotiri	S	18	64	Faro	F	13	55	Malta	F	17	63	Seoul	C	0	32
Algiers	S	17	63	Florence	C	14	57	Manila	S	28	82	Singapore	R	27	81
Amsterdam	S	6	43	Frankfurt	R	7	45	Miami	C	23	73	Stockholm	C	3	37
Athens	S	15	59	Funchal	–	—	—	Milan	D	4	39	Strasbourg	R	7	45
Bahrain	S	20	68	Geneva	R	9	48	Moscow	S	1	34	Sydney	S	33	91
Bangkok	S	32	90	Gibraltar	S	13	55	Munich	F	10	50	Taipei	C	15	59
Barcelona	F	7	45	Guernsey	R	6	43	Nairobi	S	26	79	Tangier	C	13	55
Beirut	S	18	64	Helsinki	Sn	1	34	Naples	F	15	59	Tehran	–	—	—
Belgrade	C	10	50	H. Kong	S	18	64	New Delhi	S	19	66	Tel Aviv	C	16	61
Berlin	C	6	43	Innsbruck	F	11	52	New York	C	2	35	Tenerife	F	20	68
Biarritz	C	11	52	Inverness	F	3	37	Nice	C	12	54	Tokyo	S	8	46
Blackpool	C	3	37	Istanbul	S	11	52	Oporto	C	12	54	Toronto	C	-1	30
Bordeaux	R	9	48	Jersey	C	5	41	Oslo	C	3	37	Tunis	S	17	63
Brussels	S	7	45	Jo'burg	C	21	70	Paris	F	9	48	Valencia	S	12	54
Budapest	C	10	50	Las Palmas	F	21	70	Prague	–	—	—	Venice	R	5	41
B. Aires	R	28	82	Lima	S	25	77	Reykjavik	S	-4	25	Vienna	S	7	45
Cairo	S	21	70	Lisbon	C	13	55	Rio de J'o	–	—	—	Warsaw	R	9	48
Cape Town	F	27	81	Locarno	R	2	36	Rome	C	14	57	Zurich	C	9	48
Caracas	S	28	82	London	F	7	45								
Casablanca	S	16	61	Los Angeles	S	24	75								
Copenhagen	S	3	37	Luxembourg	C	3	37								
Corfu	F	15	59	Madrid	C	6	43								
Dublin	C	1	34	Majorca	F	16	61								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Dollar makes strong advances

Continued from Page 1

funds which helped push the dollar to new peaks in 1983.

Figures released in December for fourth-quarter GDP and the index of leading indicators pointed to a slowing of the U.S. growth rate, but foreign exchange markets are looking for confirmation of the trend before selling dollars.

Retail sales and industrial production figures due in the next two weeks could show that the economic upturn is continuing apace, dealers at two U.S. banks said.

Last Friday's unexpectedly high $1.6bn dollar increase in M-1 money supply was also interpreted by the markets as casting doubt on the scope for lower interest rates, although the U.S. authorities have repeatedly stressed the unreliability of weekly movements in M-1 as a guide to money supply growth.

The dealers said yesterday's gains took the dollar back roughly to its levels before trading petered out in the run-up to Christmas.

They cautioned against looking for any decisive new trend for the currency until the performance of the U.S. economy becomes clearer.

Sterling also lost ground against the main European currencies amid nervousness that the coup in Nigeria could lead to a change in that country's oil sales policy.

Dealers pointed out that Britain's North Sea oil is in direct competition with Nigerian crude

The pound's trade-weighted index, which measures its value at against a basket of currencies, fell 0.7 points from Friday's close to 82.2.

THE LEX COLUMN

Suspense account for Lagos

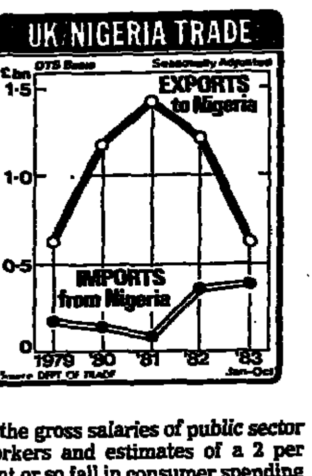
Nigeria's debt repayment yesterday was apparently more in the nature of a legacy from the civilian government than an indicator of financial policy following the coup. Since the transfer procedure had been put in motion last week, the new military regime would have needed to work pretty fast if it had wanted to stop the cheques; its intentions consequently remain blanketed in confusion.

It is, none the less, unlikely that the coup will have radically changed the outlook for Nigeria's creditors or the companies which trade there. It makes no difference, after all, to any of the debt numbers, and Nigeria has the weapon of all large potential defaulters – that its creditors stand to be more seriously damaged than it does itself.

Nigeria has in any case become an increasingly messy area to operate in over the last few months. Contractors fishing for large construction contracts had been pinning their hopes on the recent election to clear the air for more businesslike deals. For some time those who had learned the ropes sufficiently well to land major projects have had to put a brave face on cash flow, in order to stay in a growing market. Yet the Shagari budget already contained plans for a sharp cut in capital investment and there is an obvious risk that infrastructural projects could now be frozen altogether.

Things have been no easier for trading companies, even when – as for Paterson Zochonis last year – their local associates have been extremely profitable. The growing difficulty of transferring cash from blocked Nigerian balance sheets into parent company bank accounts in sterling has put an even more severe squeeze on some of the smaller traders. A solution to this problem – like much else – will depend on the new regime's reaching agreement with the IMF.

In the absence of hard information from Lagos, bankers are having to console themselves with the recollection that military rule has been more the norm in Nigeria than elected government, while the central government's record of honouring its own debts – not to say those of the state administrations – has been very good. It would be out of character to embark on repudiations now.



Netherlands

The new year in the Netherlands has brought with it a 3 per cent cut in the gross salaries of public sector workers and estimates of a 2 per cent or so fall in consumer spending after a decline of perhaps 0.7 per cent in 1983. But self-restraint has been rather less conspicuous among Dutch investors in the first days of the year. Indeed, Monday's 3 per cent jump in the general index of Amsterdam share prices suggests, to put it no more finely, a certain eager anticipation of renewed foreign buying once fund managers in the U.S. and the UK had returned to their desks.

It must have come as a disappointment when the foreigners turned up yesterday waving a series of sell orders. Most prices promptly collapsed about 5 per cent within the first hour of a thin trading day, which looks a timely reminder of the Dutch market's speculative streak.

The grounds for some longer term optimism remain intact, however, and the general index managed at least to steady later in the day. Investment from overseas still appears a major support, as indicated by the current fashion for equity warrants on bonds issued by the Dutch internationals. Now that cyclical recovery is attracting far more of the limelight than exciting high technologies, the enthusiasm for Akzo, Unilever, Philips and the rest has put the Amsterdam market squarely at the centre of the stage.

The outlook for the Dutch economy in the wake of its export-led recovery should also ensure through 1984 a continued interest in the broader market beyond the international names. Dutch unit labour costs, for example, have lagged far behind those of the main EEC competitors since 1979; but the Swiss and West German markets are selling on multiples significantly higher, once some account is taken of anomalies on depreciation accounting.

The yield on the Dutch market at 4.9 per cent compares with 8½ per cent on long bonds and judging by past bull markets could yet have some way to fall – always assuming no missiles crisis arrives to compromise the Government's new-found authority.

Dunlop

Dunlop has been fighting an unequal battle over the past five years to stop prodigious borrowings from overwhelming its rapidly diminishing shareholders' funds. The campaign is not yet lost but, after the heavy balance sheet casualties of 1983, the company has opted to withdraw its forces to higher ground and bump up its borrowing limit.

By deferring the write-offs which will eventually have to be made against the European tyre operations, Dunlop might have been able to show borrowings in its December balance sheet just within the present limit of 1½ times book net worth. The cash proceeds from the disposal of Dunlop Estates together with the sale of shares in Dunlop Olympic have helped to stem the underlying cash outflow, leaving gross debt at just under £450m at the year end, compared with shareholders' funds of around £300m.

The limit would almost certainly have been breached in 1984, however, and the arrival of a new chairman has given the group the incentive to make a clean sweep and dump further write-offs and provisions, perhaps of the order of £100m, in the 1983 accounts.

That exercise would obviously necessitate a substantial increase in the borrowing multiple. Dunlop, however, has gone a stage further by abandoning the multiple altogether and substituting a single ceiling of £600m. Since a portion of the expected write-down will represent accounting, rather than actual costs, the company's beleaguered shareholders may want to inquire at the EGM why Dunlop needs to increase its borrowings powers by what looks like £150m.

The banks themselves are presumably even more worried. In normal circumstances, commercial banks would hardly agree to lend to a company a sum equivalent to over 10 times its market capitalisation. Dunlop's circumstances, however, are anything but normal.

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FINANCIAL TIMES
Wednesday January 4 1984

Spanish TV maker in temporary receivership

BY DAVID WHITE IN MADRID

THE ONLY wholly Spanish manufacturer of television sets to have withstood competition from multinational groups has gone into temporary receivership after its failure to make a significant export breakthrough in the EEC market.

Cecsa-Consumo's decision to file for suspension of payments marks the latest of a series of crises in the sector, in which Spanish companies have been unable to compete with foreign-controlled interests.

The Spanish colour television market is dominated by the Dutch group Philips, Grundig of West Germany, Thomson of France, and the Japanese concern Sanyo, the latter through the Spanish Aznarez group, in which it has a minority shareholding.

Cecsa-Consumo, which had already reduced its workforce, is expected to show losses of about Pta 800m ($5m) for last year. It made and sold about 90,000 colour television sets a year under the brand names of Emerson and Kolster, and employed 460 people.

The company blamed its difficulties on competition and the failure of an export plan for which it had imported components from Japan.

The measure does not affect the remainder of the Cecsa group. The consumer electronics division was separated from the group's other companies last year, when the main shareholder, Corporación Industrial Catalana (CIC), assumed direct control of its radar, air control system and component operations.

The receivership decision followed the recent resignation of Cecsa's founder, Sr Enrique Maso, from the chairmanship and the sale of his remaining minority holding to CIC.

Citibank's move into Thailand founders as deadline passes

BY CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT, IN BANGKOK

A TAKEOVER deal allowing Citibank of the U.S. entry into Thailand's banking system appears to have foundered because of delays in securing government approval.

The lack of a decision confirms that the Government has yet to settle its criteria for more foreign banks to open branches in Thailand, although it is believed to be in favour of such a change. Earlier this year, the World Bank recommended the opening of more local and foreign banks.

At present, 14 foreign banks and 16 domestic commercial banks operate in Thailand, but only one new foreign licence has been granted — to European Asian, on a reciprocal basis — in almost 20 years. Citibank only has a representative office, although it also operates a local finance company.

The proposed deal involves Citibank's takeover of the bank branch in Bangkok operated by Mercantile Bank, an affiliate of the Hongkong and Shanghai Banking Corporation. Citibank is said to have offered to retain the name if it could not be changed.

Neither side has publicly put a figure on the value of the deal, but its life had been extended three times in the hope of government approval. Its fate has been the subject of increasing attention.

Less than two months ago, Mr Sommai Hoontrakool, the Thai Finance Minister, was quoted as saying he viewed the proposal favourably. But the latest end-of-December deadline agreed for the deal by the two banks has lapsed without a government response.

It seems unlikely that the deal can easily be revived. For the Hongkong Bank the absence of a decision is likely to be a disappointment because the deal fitted in with its strategy of selling the whole of Mercantile. It is unclear how the outcome will affect other negotiations it has been conducting.

Citibank is expected to continue applying for a banking licence, although it may only secure permission to participate in more restricted banking activities than the full licence that a Mercantile takeover would have allowed. Ironically, the Thai authorities have twice asked the bank to set up in Thailand, in the past.

Numerous other banks, including Japan's Mitsubishi Bank, and Sanwa Bank, are also believed to be applying to open new banks or branches. The Hongkong Bank was Thailand's first commercial bank and has been operating in Bangkok since 1888.

Horten lifts sales and profits

BY JOHN DAVIES IN FRANKFURT

HORTEN, the West German retail store group, has lifted sales revenue and profit after a setback in 1982.

Revenue from its chain of 57 stores — apart from food and travel business — rose 3.6 per cent to DM 2.94bn ($1.06bn) in the 1983 calendar year.

The company said that net profit, which slipped to DM 1.8m in 1982, had considerably improved, although it gave no details.

Horten omitted a dividend in 1982, but it is generally expected in the retail trade that a dividend payment will be resumed. The company's financial year now runs until the end of February and a dividend decision is expected in May.

Among West German retail store groups, Horten ranks behind Karstadt, Kaufhof and Hertie in terms of sales revenue.

In rationalisation measures over the past decade it has reduced its staff by a third to about 19,000 and put more emphasis on high-quality articles. It has hived off its food section to Edeka and derives a rental related to sales revenue.

Horten said that its travel business increased the number of holiday bookings by 1.3 per cent to 81,000 in the calendar year just ended, despite difficult market conditions. It held sales revenue steady at DM 81.4m.

The company has moved enthusiastically into the home computer business. It has opened 27 "computer shops" within its stores to market home computers

Bahrain share issue revival

BY MARY FRINGS IN BAHRAIN

NO NEW share issues have been made in Bahrain since United Gulf Bank went public in July 1982, just before the collapse of the Kuwaiti stock market.

Now there are four in the offing, starting today with the first Gulf-wide flotation of shares in a Saudi Government undertaking. Saudi Basic Industries Corporation (Sabic), which eventually plans to sell 75 per cent of its Saudi riyals 10bn ($2.9bn) capital.

Over the next four weeks, Sabic is offering 18 per cent to the Saudi private sector and 2 per cent to investors in other Gulf Co-operation Council states (Bahrain, Kuwait, Qatar, the UAE and Oman), who will be able to subscribe through their own national banks. The 2m shares are priced at SR 1,000 ($284), to be half paid up initially, and carry an issue premium of SR 180 ($52).

This is essentially a long-term investment for which Bahrain bankers do not expect a big local demand, although one businessman said he thought there would be a good resale market in the kingdom for the non-Saudi shares.

The response to the Sabic issue will be carefully watched in Bahrain by the regulatory authorities and by the three Bahraini companies seeking to float their shares, among whom only the 35m Bahraini dinars ($93m) of the newly formed Bahraini Saudi Bank has so far received official approval.

The six-year-old Bahrain Investment Company has been patiently waiting its turn for the past 12 months. Its planned issue of BD 6m, half paid-up, is open only to Bahraini nationals, and in such a restricted market the authorities hold the view that the timing must be right. Share values have fallen in recent weeks, after a steep decline and partial recovery last year, and trading is virtually at a standstill, although it is hoped that the announcement of company profits and dividends may give the market a lift.

The BD 13m Bahraini Saudi Bank issue will be split equally between nationals of the two states. Although subscribers will be invited to register in Bahrain from mid-February, payment will not be required before March, by which time any funds over-subscribed for Sabic will have been returned.

Mr Sami Kaiksow, a member of the founders' steering committee, headed by Prince Sultan bin Fahd bin Abdulaziz, is confident of the outcome despite the market sentiment. He argues that the existing local banks' shares are still overpriced at five to six times their face value and their yield is poor, whereas the chance to buy at par is more attractive.

However, investors will have to be patient unless there is a speculative increase in the trading value of the shares, which seems unlikely in the aftermath of the Kuwaiti crash. The new bank has still to appoint a general manager and to tie up a technical assistance agreement with an international financial institution. It has leased premises in the centre of town but does not plan to go into operation before the third quarter of the year.

Also in the share issue queue is the U.S.$1bn Arab Agricultural Investment Company (AAIC), potentially the biggest financial venture to be set up in Bahrain since the Arab insurance group (Arig)

Finsider seeks extra capital to avert crisis

ROME-FINSIDER, the holding group running Italy's state-controlled steel companies, needs an immediate recapitalisation to overcome a severe deficit suffered in 1983.

The group said it would be unable to pay January salaries to several thousand workers, or pay suppliers, if funds are not made available.

Finsider posted a loss of L1,623bn ($980m) in the first nine months of 1983 as a result of cutbacks in steel production and slack worldwide demand. Its deficit is expected to reach L2,040bn for the full year.

The company assembly is to meet on January 16, possibly to decide to devalue its share capital.

Empain-Schneider to regroup rail divisions

BY DAVID HOUSEGO IN PARIS

EMPAIN-Schneider, the large French engineering group, is concentrating its rail activities under the umbrella of a new company.

The newly formed concern, Schneider-Jeumont Rail, will have a turnover of about FFr 2.5bn ($301m), making it the largest French rail group.

It will incorporate the rail motor division of Creusot-Loire; the specialist railway engineering concern MTE (jointly owned by Jeumont-Schneider and Creusot-Loire); Carel and Fouche, manufacturers of stainless steel coaches; and the rail equipment, motor and electronic signals division of Jeumont-Schneider.

The hiving off of the group's rail activities into a separate company is part of the restructuring of the Schneider group initiated by M Pineau-Valencienne, its president. His aim is to reorganise Schneider into a holding company beneath which its specialist industrial activities will be regrouped in separate, largely autonomous companies.

On this basis, Jeumont-Schneider has been given the leadership of the group's railway division and is expected to take a stake of more than 50 per cent in the new company.

Other companies are to be established to regroup Schneider's engineering and energy interests.

Alan Bond offers A$36m for Swan TV

By Michael Thompson-Noel in Sydney

MR ALAN BOND, the Australian businessman, yesterday launched an A$6.36-a-share offer for Swan Television of Perth, valuing it at A$36m (U.S.$32.4m).

Swan shares were trading at up to A$6.70 last week, while yesterday, ahead of Mr Bond's bid, a block of 9,200 was traded at A$6.50 each.

Swan directors promptly termed Mr Bond's bid inadequate, although they said they would meet to consider the offer.

The offer follows the recent long duel for Brisbane Television in Queensland, control of which eventually passed to John Fairfax, the Sydney-based media conglomerate.

Swan operates Perth's STW-9 station, an affiliate rather than a full member of the Nine network, of which Mr Kerry Packer owns TCN-9 in Sydney and GTV-9 in Melbourne.

Mr W.J. Hughes, a prominent West Australian businessman, and his family own about 12.6 per cent of Swan TV, and Mr Hughes, a brother-in-law of Mr Bond, is a director.

Last week, Swan advised shareholders that pre-tax profit in the current year to June 30 was likely to jump from A$3.4m to A$5.7m, producing about A$3.1m net, or 47 cents a share, against A$1.8m net in 1982-83.

Five Swan directors, including Mr Hughes, own about 55 per cent of the shares, so a higher bid from Mr Bond seems inevitable.

Cascade joint bid raised

By Our Sydney Correspondent

THE JOINT bid by two Adelaide companies for Tasmania's Cascade Brewery was raised yesterday from A$5 a share to A$5.25 a share, valuing the offer at A$43.6m (U.S.$39.2m).

In addition, the co-bidders – B. Seppelt, a wine maker, and C-C Bottlers, a soft drinks group – said they would delay registration of share transfers until after January 19, when books close on Cascade's interim dividend of 8 cents a share. This effectively values their joint bid at A$5.33 per Cascade share.

The co-bidders currently control 27 per cent of Cascade, against the 19.1 per cent held by the Sydney-based investment group, Industrial Equity (IEL), whose most recent offer was A$5 per Cascade share.

Mr Russell Goward, IEL's deputy general manager, said yesterday that IEL would need to consider the Adelaide co-bidders' latest offer.

The Adelaide companies gained a 26 per cent interest in Cascade from Carlton and United Breweries, Australia's biggest brewer, in a transaction on December 12 that earned Potter Partners, the prominent Australian share broker, the censure of the National Companies and Securities Commission (NCSC).

Potter was alleged to have been guilty of "unacceptable conduct" under the Takeover Code, since it was acting both for CUB and for the joint bidders. It has sought legal advice on whether to launch a court challenge to the declaration.

The chairman of the Melbourne Stock Exchange, Mr Ian Roach, said yesterday that the exchange would not be taking action against Potter. "As far as we are aware," he said. "Potters have not breached any stock exchange rules. Nor is there any suggestion from the NCSC that a breach of rules occurred."

The co-bidders said yesterday that their new offer for Cascade was unconditional

BASF takes rest of Victor

By John Davies in Frankfurt

BASF, the West German chemicals group, has taken over entire ownership of the Gewerkschaft Victor ammonia and fertiliser concern.

It previously held a half share in Gewerkschaft Victor, with Chemische Werke Hüls, a subsidiary of Veba, the country's largest industrial group.

Fertiliser production has been a major headache for West German chemical companies, mainly because of intense foreign competition, although the situation has improved in recent months.

Gewerkschaft Victor, which employs nearly 1,000 workers, had sales of more than DM 270m in 1982 and made an undisclosed profit.

BASF said that rationalisation measures were already under way

Borregaard expects to exceed profit forecast

BY FAY GJESTER IN OSLO

BORREGAARD, the Norwegian industrial group with interests spanning forest products, chemicals, metals and foodstuffs, now expects a pre-tax profit of about NKr 80m ($10.3m) for 1983 – NKr 48.7m more than in 1982 and well ahead of its own late October forecast. It predicts a continued increase in group profits this year, "despite considerable uncertainties regarding exchange rate developments and general economic trends."

Last year's improvement is attributed mainly to "positive developments" at Borregaard Industries, a division that produces cellulose, paper and chemicals. These developments were the result of major restructuring and cost saving measures implemented during the year. Despite the savings achieved, however, Borregaard Industries still shows a loss for 1983 as a whole, and further efforts to improve results are continuing "according to plan."

Denofa-Lilleborg, which makes detergents and toiletries, made good profits in 1983, "with improvements in all sectors."

Folldal Verk (copper and pyrites) and Emil Moestue (printing, information systems, paper) also improved their results compared with 1982, but Borregaard's foodstuff subsidiary Stabburet, saw profits fall slightly.

Group external sales last year are estimated at NKr 3.9bn, compared with NKr 3.73bn in 1982 – a rise of about 4 per cent. This increase was achieved despite the closure, late in 1982, of a lossmaking rayon staple fibre plant, and the ending of Borregaard's contract to bleach pulp produced in Brazil. If these products are excluded, 1983 sales were about 11 per cent up on the previous year.

Investment spending in 1983 is estimated at only about NKr 220m, compared with NKr 328m in 1982, reflecting the fact that an extensive investment programme at the group's facilities in Sarpsborg, Eastern Norway, is now nearing its end. Investment spending over the past six years has totalled NKr 1.5bn, mainly comprising improvements and expansion of existing business

UE Malaysia in property sale

BY WONG SULONG IN KUALA LUMPUR

FINANCIALLY troubled United Engineers Malaysia has announced the sale of its prime property in Kuala Lumpur to the Singapore-based Malayan Breweries for 18.1m ringgits ($7.8m), to reduce its heavy debt burden.

The land is adjacent to the Malayan Breweries plant at Sungei Besi. Malayan Breweries has sought to buy the property for some time for its expansion plans.

United Engineers, which distributes heavy equipment, is also understood to be negotiating for the sale of other properties in various parts of the country as part of its plan to rationalise its operations.

UE Malaysia suffered a record loss of 50.7m ringgits in the year to September 1982. In May this year the company requested the Kuala Lumpur Stock Exchange to suspend trading in its shares. It also appointed a merchant bank to advise on reconstruction.

Malaysian Oxygen Berhad (MOX), South-east Asia's biggest producer of industrial gases, has reported a 17 per cent increase in pre-tax profits to 13.6m ringgits for the year ended September.

Turnover was marginally up at 71m ringgits. The company is giving a final dividend of 17 cents.

L'Air Liquide of France and BOC are major shareholders of MOX and together hold 55 per cent of its equity.

Sime Darby, the Malaysian plantation-based conglomerate, has paid 5m ringgits for a shoe factory and plans to spend another 3m ringgits to upgrade its operations.

In November, Sime paid 5.1m ringgits for a controlling stake in Century Battery Malaysia. It hopes to supply batteries for the locally made cars – due on the road in 1985.

Alfa gains market share with new cars

By Alan Friedman in Rome

ALFA ROMEO, Italy's second biggest car producer, says the introduction of two new models helped to increase its share of the Italian market to 7.3 per cent in the fourth quarter of 1983. The company, which is controlled by IRI, the state holding group, says its 1983 turnover will be a record L2,700bn (U.S.$1.6bn), against L2,300bn in 1982.

The company would not comment on its 1983 profitability. In 1982 the car subsidiary – Alfa Auto – made a loss of L80bn ($48m).

The Italian car market registered an overall downturn in volume of around 5 per cent in 1983 and only two companies managed to hold or increase their market share, Fiat and Alfa Romeo. Imports in particular suffered during the year.

Alfa says the introduction last June of its new Alfa 33 model began showing results in September, while the new Arna, manufactured jointly with Nissan of Japan, also helped sales in 1983 even though it only came on to the market in November.

Alfa sold a total of 105,000 cars during 1983, around the same level as the year before. Alfa's 1983 Italian market share was 6.5 per cent, against 6.3 per cent in 1982, but the company says the fourth quarter rise to 7.3 per cent is part of a trend which will continue in 1984. About one-sixth of the economy Arna models produced are going to the Nissan Datsun network in Britain.

Mesa urges Gulf Oil to form royalty trust

BY WILLIAM HALL IN NEW YORK

MESA PETROLEUM, the small Texas oil company which last week failed to stop Gulf Oil, the U.S. oil major, changing its corporate by-laws, has formally proposed to Gulf Oil that it should spin off as much as 50 per cent of the company's domestic oil and gas reserves in the form of a "royalty trust."

The proposal, delivered to the giant oil company last week, is expected to be considered at its next board meeting later this month.

Mesa's chief executive, Mr T. Boone Pickens, who has been masterminding the proxy battle against Gulf Oil, has been a long-standing advocate of "royalty trusts" which are advantageous to company shareholders because they allow the earnings from producing oil wells to flow direct to shareholders and thus avoid double taxation. In recent months he has indicated that Gulf Oil shareholders would be better off if their company followed his advice and spun off a royalty trust.

However, last week's letter to the Gulf board was his first formal proposal. Given that Mr Pickens's investor group is the biggest shareholder in Gulf Oil, with a 13.2 per cent stake, the Gulf board, despite its opposition to Mr Pickens's ideas, seems duty bound to consider his proposal.

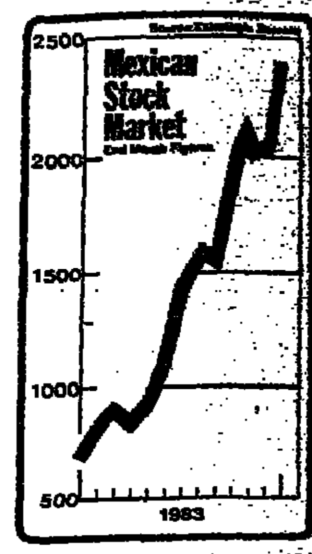
Yesterday Gulf Oil took full-page advertisements in leading U.S. newspapers publicising its victory over Mr Pickens. According to the preliminary count, Gulf Oil won 87.1m shares, or 52.7 per cent, of the total 165.3m shares outstanding. Mesa Petroleum won the support of 52.3m shares, including its own group's 21.7m.

Although Gulf Oil's management believes Gulf shareholders voted decisively in its favour, Mr Pickens's group won substantial support among the major institutional shareholders, so he is likely to continue his campaign to make Gulf Oil follow his ideas for a royalty trust.

Given the size of the support won by the Mesa group, Gulf Oil will find it difficult to completely ignore Mr Pickens.

Mexico returns industrial shares held by banks to private investors

BY WILLIAM CHISLETT IN MEXICO CITY



THE MEXICAN Government is soon to begin selling shares in 400 industrial companies, insurance companies and brokerage houses which belonged to the country's private banks until they were nationalised in September 1982. The issue is part of the government strategy to convince Mexican and foreign businessmen that it is serious about creating a more mixed economy.

The Government of President Miguel de la Madrid has already compensated the former shareholders in most of the banks taken over by the last president Sr Jose Lopez Portillo at a time when his popularity was rock-bottom and the country was battling with a foreign exchange liquidity squeeze. Last month, the Government started to allow personal investors to buy a maximum 1 per cent equity stake in banks, as it had decided to return 34 per cent of the banks' shares to the private sector.

Now the government wants to divest itself of the banks' non-banking assets, which include equity stakes in every one of the 100 most actively traded companies on the Mexican stock exchange. Mexican banks, particularly the top three, Bancomer, Banamex, and Banca Serfin, built up substantial industrial and financial empires and teamed up with major foreign concerns, like John Deere and Kimberly Clark, the U.S. farm machinery and paper groups, respectively, in joint ventures. Fifteen of Mexico's 53 banks have the controlling interest in 88 out of the 400 companies, which span most sectors of the economy.

The private sector has been pushed against the wall by the devaluation of the peso and the country's recession. Its investment has fallen 43 per cent over the past two years. The Government is now trying to mend broken fences, for it is aware that it needs businessmen on its side to reactivate the economy.

The Government's bid to attract more foreign investment, which accounts for less than 5 per cent of total investment, hinges on improving the business climate. It is estimated that 60-70 per cent of the economy is currently in state hands.

The Mexican Left is outraged at the Government's policy. The Confederation of Mexican Workers (CTM), the main non-Left trade union organisation, with about 3.5m members and one of the pillars of the ruling Institutional Revolutionary Party, is also unhappy. The CTM wants the Government to keep its shares in "strategic" companies in the mining, food and construction sectors—and is planning to compete with the private sector for shares in these companies.

Evaluating shares

Each bank will offer packets of listed and unlisted companies in similar areas. Very few companies will be sold on their own because the Government does not want to be left with problem concerns.

In cases where the Government believes there will be intense demand, shares will be auctioned.

Officials say the method for evaluating shares will be similar to that used when the whole net worth of the banks was established, although share prices of listed companies are greatly higher now than the severely depressed levels of a year ago.

When the Government worked out the value of the banks, it assessed their shares in companies on the basis of 50 per cent of the book value on August 31 1982, the eve of the nationalisation, and 50 per cent of their average daily worth on the stock exchange in the 12 months before. This base price stands to be adjusted according to a company's performance since nationalisation, with an allowance also built in for the commercial rate of interest which the Government is paying on the bank compensation bonds, since the bonds will be exchanged for shares in companies. This device will reduce the Government's obligations to the former bank shareholders.

Bond holders will have first priority for two months in buying shares in those companies controlled by a bank in which they formerly owned stock. There will then be a one month priority period in which bond holders can buy shares in any of the companies. After three months the general public will be allowed to buy the shares. In the case of listed companies, the price will be set according to market value.

The Mexican stock market is enjoying a boom, in stark contrast with the economy, although current share prices are still only 70 per cent of their book value on the eve of nationalisation.

Bond holders will be able to trade in their bonds for shares at the nominal price of 100 pesos, 13 pesos higher than their current market value. But this advantage applies only to the number of bonds originally given in compensation for their bank shares. Bonds acquired above this amount on the stock exchange, where trading of the bonds began in October, will be accepted by the Government at their market value, and can be used only when selling is open to the public.

In the event of demand exceeding the offer for a packet of shares, the Government will restrict the stock which a person can buy according to the buyer's original stake

Major shareholders in the banks, say analysts, are likely to jostle to acquire controlling positions in companies, and to do this may trade blocks of shares. These people will be prepared to buy shares in a package, in order to achieve this goal. But the small shareholders in the banks are unlikely to be interested in acquiring shares in listed and unlisted companies.

Sr Agustin Legoretta, the former chairman of Banamex, the second largest bank, has set up a company, Inveriat, which has the makings of an investment bank. He is understood to be interested in buying a stake in a leasing company and Banamex's brokerage house.

DBS sells merchant bank stake

SINGAPORE—The state-owned Development Bank of Singapore (DBS) has sold its 50 per cent stake in DBS-Daiwa Securities International to Daiwa Securities and Sumitomo Bank.

The company is being renamed Daiwa Singapore from January 1, 1984. The sale was made on December 31, the statement said, without giving financial details.

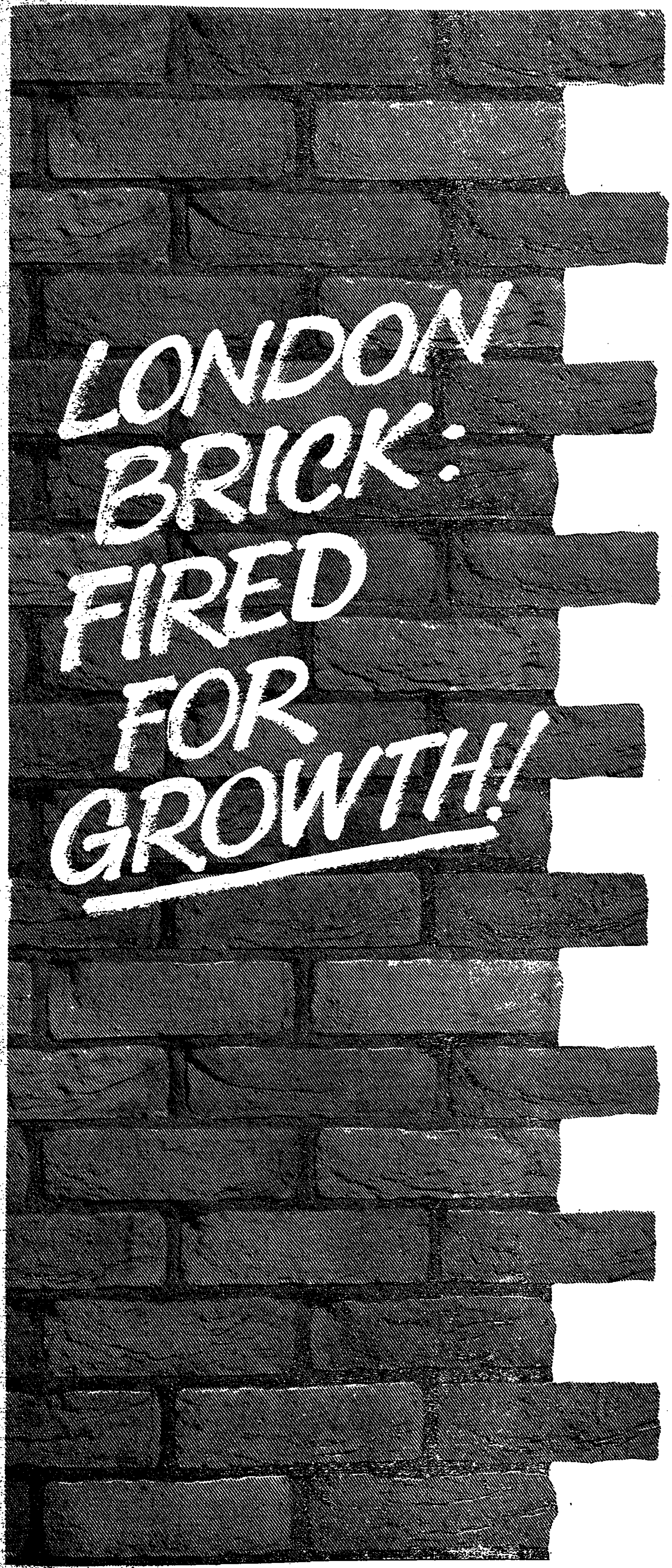
Now Daiwa Securities has an 80 per cent interest and Sumitomo Bank a 20 per cent interest in Daiwa Singapore. DBS-Daiwa Securities was established in June, 1972, as a merchant bank.

The sale of DBS's shareholding in the company follows its divestment in other joint-venture merchant banks

● Mr Aloysius Chu, a Hong Kong businessman, has bought 77 units or 104,000 sq ft of the shopping complex People's Park Katong for about US$46.9m.

Mr Chu says that he intends to sell 49 units and keep the balance as an investment in Singapore. Finance for the whole purchase is being provided by a Singapore bank and Hong Kong banks—but they were not identified.

Mr Chu's company, Arispic Investments, is to hold the controlling interest in the building. AP-DJ



So you think you know London Brick?

We're probably not the company you think we are.

Of course, we're the world's largest independent brickmaker – and have been for 50 years – supplying 40% of the total UK market with 'flettons', Britain's standard brick for housebuilding.

But, in the 80's, we have implemented some major changes.

We have reorganised ourselves into smaller operating companies, cut central overheads, sold off loss-makers and under-used assets, reinvested in our basic business, and raised productivity.

New growth area

Our next step was to embark on a new growth area.

We decided to become a force in 'non-flettons' as well as in flettons.

Non-flettons are the premium bricks used for prestige building, and a profitable growth area for us.

In the last six months, here's what we've done:

- Opened a new non-fletton plant at Arlesey, Bedfordshire.
- Announced plans to double production of non-flettons at Clockhouse, Surrey.
- Launched no less than nine new products, most of them non-flettons.
- Arranged to buy the prestige Milton Hall Brick Company.
- Agreed a bid for Claughton Manor Brick PLC, a specialist non-fletton maker.
- Turned our Warboys works in Cambridgeshire over entirely to non-fletton brickmaking.

So, we've got on with the job, and we've boosted our share of the non-fletton market five-fold. Now, we're a substantial non-fletton brickmaker.

We've concentrated on what we know best – bricks and activities close to brickmaking.

Today's London Brick

London Brick is a very different, revitalised, company.

Our balance sheet is strong.

Our performance is impressive.

Our prospects are exciting.

London Brick: we are fired for growth

LONDON
BRICK

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½ %	Knowsley & Co. Ltd.	9½ %
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½ %
■ Brown Shipley	9 %	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	Standard Chartered ‖	9 %
Canada Perm't Trust	10 %	Trade Dev. Bank	9 %
Castle Court Trust Ltd.	9½ %	TCB	9 %
Cayzer Ltd.	9 %	Trustee Savings Bank	9 %
Cedar Holdings	9 %	United Bank of Kuwait	9 %
■ Charterhouse Japhet	9 %	United Mizrahi Bank	9 %
Choulartons	10½ %	Volkskas Intnl. Ltd.	9 %
Citibank Savings ¶	10½ %	Westpac Banking Corp.	9 %
Clydesdale Bank	9 %	Whiteaway Laidlaw	9½ %
C. E. Coates	9½ %	Williams & Glyn's	9 %
Comm. Bk. of N. East	9 %	Wintrust Secs. Ltd.	9 %
Consolidated Credits	9 %	Yorkshire Bank	9 %
Co-operative Bank *	9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½ %		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½ %		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 6%. Fixed rate 12 months: £2,500 9%; £25,000 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.

Over-the-Counter Market

1983-84 High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	124	+1	6.4	5.2	7.3	9.5
158	117	Ass. Brit. Ind. CULS	136	+1	10.0	7.4	—	—
78	62	Airsprung Group	75	—	6.1	8.1	21.4	21.4
38	21	Armitage & Rhodes	28	−1	—	—	—	—
270	141½	Bardon Hill	270	—	7.2	2.7	11.0	22.4
54	53	Bray Technologies	54	—	2.7	5.0	9.7	10.6
200	200	CCL Ordinary	200	—	5.0	2.5	4.5	6.4
151	121	CCL 11pc Conv. Pref.	145	+2	15.7	10.8	—	—
249	100	Cindico Group	100	—	17.6	17.6	—	—
63	45	Deborah Services	52	—	6.0	11.5	27.8	45.2
182	75	Frank Horsell	182	—	—	—	7.6	12.6
171	75½	Frank Horsell Pr Ord 87	170	—	8.7	5.1	7.1	11.7
69	39	Frederick Parker	39	—	7.1	18.2	2.4	3.9
29	32	George Blair	33	—	—	—	—	—
80	50	Ind. Precision Castings	50	—	7.3	14.6	13.9	17.2
226	1?4	Isis Conv. Pref.	226	—	17.1	7.5	—	—
120	61	Jackson Group	120	—	4.5	3.8	6.3	12.3
237	109	James Burrough	235	—	11.4	4.9	13.0	12.4
305	275	Minihouse Holding NV	305	+5	4.0	1.3	22.9	22.9
176	120	Robert Jenkins	120	—	20.0	16.6	13.9	9.4
74	60	Scruttons "A"	60	—	5.7	9.5	10.0	7.2
131	76	Torday & Carlisle	76	—	2.9	3.8	—	—
435	285	Travian Holdings	435	—	—	—	8.9	8.1
26	17	Unilock Holdings	17	—	1.0	5.8	11.1	16.2
90	65	Walter Alexander	87	−1	6.8	7.8	7.6	10.1
278	240	W. S. Yeates	240	—	17.1	7.1	3.7	7.7

UK COMPANY NEWS

Aim Group on line for near £1m

PROFITS NEAR the £1m mark are anticipated by the Aim Group of aviation and general engineers for the full year.

The directors report that, in line with expectations, first half pre-tax profits of £486,000 were achieved, compared with a loss of £198,000 for the corresponding period.

Turnover for the six months to October 31 1983 was £6.24m against £3.6m. The directors are encouraged by the current order level for deliveries in 1984-85.

The interim dividend is being held at 1.9p net per share—last year's final payment was held at 3.85p with taxable profits at £447,000.

Net profits for the opening period were £340,000 (loss £105,000) after tax of £146,000 (credit £93,000). Last year there was an extraordinary debit of £25,000.

First half earnings per share are given as 3.2p against loss of 1p.

● comment

Following a change of personnel on the flight deck, AIM Group is pulling somewhat jerkily out of the nosedive which threatened to give investors airsickness last year. Pre-tax profits are well down on the previous half's £645,000 because of a freak clumping together of orders in late 1982-83. *However, the workload is now more evenly spread* and there is an increasing emphasis on refurbishment as airlines take a more cautious stance on new purchases. Current order levels indicate a same again profits performance in the current half, which would give a full-year out-turn of around £980,000 pre-tax — more than double the previous year's total. Meanwhile, margins should widen from their present 8 per cent of turnover following £1.5m of factory modernisations in the aviation division, which were financed by property disposals. The shares held steady at 86p, where they are a long way short of 1982's offer for sale price of 140p. Assuming a 30 per cent tax charge, the multiple is 13.

Winterbottom

NET REVENUE at Winterbottom Energy Trust moved ahead from £175,781 to £211,298 for the year to the end of November 1983.

Net asset value per 5p share increased from 56.1p to 82.4p. At close of business on December 30 net asset value came to 88.3p after charges at par and 90.5p after charges at market value.

The total dividend for the year amounts to 0.8p, because a special payment of 0.1p is also included. In the last full year a total of 0.65p was paid.

Earnings per share increased from 0.64p to 0.83p.

Gross investment income rose from £624,948 to £728,727. Tax came to £211,518 compared with £190,429.

NEW LIFE BUSINESS

Successful year for Pearl Assurance

Pearl Assurance reported a *successful year with new annual* premiums up by more than a quarter from £45.3m to £57.8m and single premiums also up by a quarter from £18.7m to £23.6m. New sums assured passed the £1bn mark rising by one quarter from £838m to £1.07bn, but new annuities per annum fell from £30.9m to £27.8m.

New annual premiums in the ordinary branch rose by almost half from £16.8m to £24.8m. MIRAS-related business jumped five-fold with new annual premiums of £12.5m against £2.5m in 1982, and this accounted for the total increase in the ordinary branch. New annual premiums on self-employed pensions fell back slightly from £3.6m to £3.5m, but linked life annual premiums rose from £4.5m to £5m.

The company showed a strong recovery in the industrial branch last year from the depressed results of 1982, with new annual premiums rising more than 15 per cent from £28.8m to £33m.

Much of the growth in single premium business came from the sale of linked life bonds which almost doubled from £4m to £7.8m.

The TSB Trust Company, the insurance and unit trust arm of the TSB Group, reported another year of strong progress. Its life operation TSB Life saw annual premiums on linked life contracts rise by a quarter from £20.9m to £26.3m, while annual premiums on non-linked life policies improved by more than 80 per cent from £580,000 to £920,000. MIRAS premiums went from £50,000 to £260,000.

Sales of single premium bonds more than doubled last year from £12.1m to £28.6m, with the drop in sales of guaranteed bonus bonds from £11.5m to £3.2m being more than offset by the success of the TSB Investment bonds, launched last year which sold £24.3m.

Direct sales of units by the TSB Unit Trusts rose fivefold last year from £3.2m to £16m, with the value of funds under management advancing from £304m to £457m.

New subscriptions to the Channel Islands subsidiaries rose by two-thirds from £15m to £25.1m.

Premiums on the TSB Home Insurance Plan and the TSB Block Property Policy nearly doubled from £2.56m to £4.95m.

Record sales of retirement annuities in 1983 is reported by the National Farmers Union Mutual and Avon Insurance Society, with new annual premiums advancing 30 per cent from £728,000 to £1.32m and single premiums by more than half from £1.6m to £2.44m. Its subsidiary Avon Insurance reported a one-third rise in new annual premiums for retirement annuities from £80,000 to £107,000, but single premiums fell 15 per cent from £136,000 to £116,000.

Both the NFU Mutual and Avon had a poor year last year for new life business in the aftermath of the success in sales in 1982. New annual premiums in the NFU Mutual were cut by two-thirds from £4.63m to £1.49m and by nearly one-fifth in Avon from £718,000 to £586,000.

Royal Life bonus rates

Royal Life, the life company in the Royal Insurance Group, has announced unchanged reversionary bonus rates for 1983, but has significantly increased its terminal bonus rates for claims in 1984.

On most with-profit life policies the reversionary bonus rate remains at £4.70 per cent of the sum assured and attaching bonus plus £3.50 per cent of attaching bonuses. The terminal bonus rate is lifted £5 per cent to £12.50 per cent of the sum assured and a rate of £7.50 per cent of all attaching bonuses is maintained.

On individual pension policies, the reversionary bonus rate remains at £5 per cent of the basic benefit and attaching bonuses plus £4.30 per cent of attaching bonuses. The terminal bonus is £17.50 per cent of the basic benefit and £15 per cent of attaching bonuses against the previous rate of £12.50 per cent and £12.50.

Higher terminal bonus rates for 1984 have been announced by *the Equitable Life Assurance Society*. On life policies the new scale is 20 per cent of the basic benefit and attaching bonuses for 10 years in force rising to 30 per cent for policies in force 25 years or more. The previous scale ranged from 17½ per cent to 25 per cent. The new scale for pension contracts rises from 20.36 per cent to 31 per cent against the old scale of 18.39 per cent to 26 per cent.

Clerical, Medical and General Life Assurance Society has declared a reversionary bonus rate of £4.90 per cent on its ordinary life with-profits contract. This related to the three years ending December 31, 1983, but is compounded annually on the sum assured and attaching bonuses.

The previous declared rate at the end of 1981 was £5.10 compounded *triennially, equivalent* to £4.86 per cent annually. The interim bonus rate in 1983 has been £4.80 per cent compound.

The terminal bonus has been more than doubled from 105 per cent to 220 per cent.

CMG will in future be declaring bonus rate annually. *The interim rates during 1984* will be the same as the current declared rate.

Welpac coming to the USM

THE LATEST newcomer to the Unlisted Securities Market is Welpac, a 25-year-old company which pre-packs hardware, DIY products and electrical goods for sale by multiple retailers and stores.

Welpac is coming to the market via a placing of 5m new shares of 10p each, representing 27 per cent of the enlarged capital. All the money is for the company.

Turnover has more than doubled in the past five years to £2.4m, with profits increasing commensurately to £140,000 in the year to January 1983. In the eight months to last September, pre-tax profits were £175,000 and are forecast to reach £250,000 for the full year.

If the profit for the year to January 1984 had been available for dividends, the directors would have recommended a payment of 0.2p per share, which represents a yield at the placing price of 2.88 per cent. This would have been covered 7.06 times by forecast earnings per share of 1.4p.

Proceeds of the placing will be used to repay a debt of £480,046 to Welpac International, which will leave the company with no borrowings. The balance will be used for expansion purposes.

The company packages 1,400 lines under the Welpac label and other own name brands and its 850 customers include Homecare, B and Q Retail, Harrods, Selfridges, John Lewis and Sainsbury's.

At present, all of its lines are priced before reaching the retailer, and Welpac plans to expand into non pre-priced bar coded packaging as more of its customers' operations become computerised.

Welpac's largest suppliers are GKN, which accounted for 8.26 per cent of its purchases in the last financial year, Contactum (10 per cent) and Pallincombe Printers (7.27 per cent).

Brokers to the company are Le Mare, Martin and Co., and dealings are expected to begin next Monday.

St Katherine Ins.

St Katherine Insurance Company has increased its paid-up capital from £5m to £6.5m by way of a rights issue of 1.5m ordinary shares of £1 each. The present authorised share capital of the company is £10m.

The company says this strengthening of the capital base is particularly appropriate in the tenth anniversary year of its underwriting activity.

It is pointed out that it has always been the policy to increase issued capital in line with the company's business plans and performance.

An interim dividend of 4.2p per share has already been paid and a final of not less than last time's 2.8p has been forecast for the year ending December 31.

MINING NEWS

Leslie and Bracken vulnerable at present gold price

BY GEORGE MILLING-STANLEY

THE VULNERABILITY of South Africa's Leslie gold mine to the present weakness in the gold price is stressed in the annual report and statement from Mr C. R. Netscher, chairman.

Any prolonged stagnation of the gold price in its current trading range of between $380 and $400 per ounce will have a detrimental effect on the profitability of the mine and its life, Mr Netscher said.

Ore reserves are estimated in the report at 1.7m tonnes, a fall of 300,000 tonnes from the previous year even though a substantially higher gold price of R16,127 per kilogramme has been used in the calculations.

This, Mr Netscher said, indicates that the life of the mine should be considered somewhat limited. Much now depends on the results of development in the western part of the lease area, and the ability of Leslie's management to contain operating costs.

Working costs rose by 20 per cent last year, and remain a matter of concern.

The current gold price is also causing problems for Bracken, another gold producer in South Africa's General Mining Union Corporation (Gencor) group.

Bracken has used the same gold price to estimate reserves as Leslie, and this has boosted the total by 300,000 tonnes to 1.8m tonnes.

Mr Netscher, who is also chairman of Bracken, warned, however, that reserves were unlikely to be increased significantly in the future. Development values have not been encouraging, he said.

The annual statement from Gencor's Kinross mine, where Mr J. C. Fritz is chairman, reported on the successful completion of the programme to increase the milling capacity to 165,000 tonnes of ore per month, which has helped to cut the rate of increase in unit working costs.

The mine's carbon-in-pulp plant is running smoothly, and has been tested to design capacity.

The group's Winkelhaak mine has also lifted its milling capacity, in this case to 200,000 tonnes per month.

Ore for this expansion will eventually come from the re-opening of old workings at No. 3 shaft, but there have been delays with this project owing to more extensive falls of ground in the area than had originally been envisaged.

The tonnage build-up should be completed by the end of the year, by which time the plant is expected to be running at full capacity on underground ore.

The shortfall is currently being made up from low-grade surface dumps.

Falconbridge prepares to make a share offer

CANADA'S nickel-producing Falconbridge is understood to be preparing to file a prospectus with the Ontario Securities Commission for an offering of common shares. The size and terms of the offer remain to be determined, but the amount involved is not thought to be big.

Proceeds of the underwritten offering, expected later this month, are to be used to repay short-term borrowings of some C$15m (£8.3m) which were used to buy certain sinking fund debentures for cancellation.

Falconbridge further reduced losses in the third quarter of 1983 to C$1.1m, but this still left a total loss for the first nine months of C$30.5m, or C$4.55 per share, compared with a loss of C$56m in the same period of 1982.

Because of its stringent financial position Falconbridge recently turned over its 51 per cent stake in the big Windy Craggy copper prospect in British Columbia to the other partner, Geddes Resources.

In return, Falconbridge will receive a royalty equal to 22.5 per cent of the net profits if and when a mine is developed at the property.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Hollas, Moundleigh, Radiant Metal Finishing, TR City of London Trust.

FUTURE DATES

Interims—
New Court Natural Resources .... Jan 5
Tomkins (F. H.) .... Jan 9

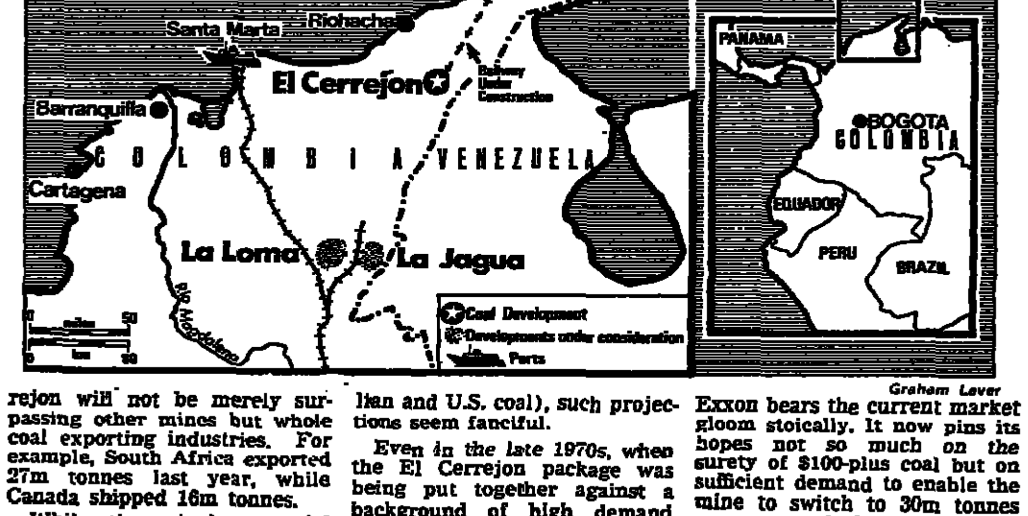
Finals—
Kershaw (A.) .... Jan 24
London Scottish Finance .... Jan 9
Rank Organisation .... Jan 24

ENERGY REVIEW

The great Colombian coal conundrum

By Gerard McCloskey

COLOMBIAN COAL DEVELOPMENTS



Graham Lever

STEADILY, but irresistibly, the massive El Cerrejon coal mine in Colombia is moving towards production.

El Cerrejon, a joint venture between Exxon's subsidiary Intercor and Colombia's state-owned Carbocol, is set to become the world's largest steam coal mine. It is a child of the 1970s, conceived to help wean the West from its dependence on Opec oil. But the arrival of its first coal on a market whose appetite is already slaked is sending shivers of apprehension through rival coal producers.

Much hangs in the balance. For Exxon, if the market approves of the high-quality offering, it will be able to thumb its nose at its many detractors who accused it of arrogance for entering an *industry of which it had little* experience on so vast a scale. For Colombia, the prospect beckons of a foreign exchange earner which could overtake coffee, currently the source of half the country's export earnings. Until this year Colombia had never exported coal.

This has forced Exxon and Carbocol not only to develop the opencast pit but to build up a complete coal-exporting infrastructure, including a coal port at Bahia de Portete, capable of handling vessels of up to 150,000 dwt, two airports, a township and a 150 km rail link.

Everything about El Cerrejon is on a grand scale and doubtless Exxon—which sees itself ideally suited to handling mega projects of whatever kind—found this part of the attraction. The recoverable reserves *in three adjacent mining blocks* are estimated at 3.25bn tonnes.

Initial output for 1986 is set at 6m tonnes, building up rapidly by the end of the decade to 15m tonnes. This alone would see El Cerrejon eclipse the output of any exist*ing steam coal or coking coal* mine. But Exxon and Carbocol have already declared that they hope to push production to 25m tonnes and even 30m tonnes annually.

If output levels of this measure are reached—and the pit's economics argue for maximum production—then El Cerrejon will not be merely surpassing other mines but whole coal exporting industries. For example, South Africa exported 27m tonnes last year, while Canada shipped 16m tonnes.

While the mine's potential production and earning power are big, so too are its costs. Latest estimates put the mine and its associated infrastructure at $3bn—40 per cent for the mine alone. Other coal mining projects are difficult to compare, simply because El Cerrejon dwarfs them. The UK's Selby mines, set to produce an annual 10m tonnes, are costed at £1bn ($1.47bn), and Queensland's Blair Athol, at A$500m ($460m) *for 5m tonnes a year.*

Both partners set themselves high expectations for steam coal. On price levels these now seem seriously misplaced. Two years ago it was estimated that prices would reach $89 a tonne fob in 1986. Prices were *expected to rise rapidly for the* remainder of the century and, according to one report, would reach $200 a tonne by 2000. In the light of the depressed market of 1983, when coal of similar quality to El Cerrejon's can be bought for well under $30 a tonne (for South African) and under $40 a tonne (Australian and U.S. coal), such projections seem fanciful.

Even *in the late 1970s*, when the El Cerrejon package was being put together against a background of high demand projections, not least from the International Energy Agency, a prediction of prices of these levels must have looked boldly optimistic.

The stark truth now being faced by Exxon is that it will need an extremely favourable market in either price or volume terms in order to recoup its $1.6bn investment, let alone its share of the project's running costs. The latter are unofficially estimated at $20 a tonne at peak production.

Exxon has a 23-year partnership with Carbocol, after which the mine reverts 100 per cent to the Colombian partner. In addition, Carbocol will collect a 15 per cent royalty from Intercor either in coal or in cash. At an average of 15m tonnes a year sales, Exxon has just 146m tonnes from which to recoup its stake. Very crudely Exxon will have to make $10 on each tonne it sells to break even.

As prices stood in 1983, this would seem to be unlikely and Exxon bears the current market gloom stoically. It now pins its hopes not so much *on the* surety of $100-plus coal but on sufficient demand to enable the mine to switch to 30m tonnes a year, equivalent to 27 per cent of total international trade in coal in 1982. There are signs time may be on Exxon's side.

Some *analysts are forecasting* that 1986 will be the start of better times for steam coal—particularly in electricity consumption—and that the 1990s will mark growing demand from industry as existing oil-fired boilers come up for replacement. But such a promise has been *behind the development* of many new mines throughout the coal producing countries.

South Africa's development of the Richards Bay coal port, to handle in excess of 60m tonnes a year, is based almost entirely on the promise of blossoming steam coal usage. At best it could prove to be a fine run thing for Exxon.

What El Cerrejon has in its favour is its coal, to be mined from 34 seams. It has a high, although not unrivalled, 11,850 Btu/lb thermal rating with low (0.6 per cent) sulphur. *This latter factor* could be the making of the project as tighter "acid rain" controls send utilities in search of ever-cleaner supplies. No mine-site washery will be needed for the coal.

The rail link too will provide a relatively-low running cost *for the project.* At 150 km it compares with hauls of over 1,000 km in North America where haulage rates can more than double the delivered cost of coals.

So far little of the hoped-for 1986 output is contracted for. A recent signing for an annual 300,000-500,000 tonnes for the Israel National Coal Company is the fourth long-term contract landed by the partners. It joins 2m tonnes a year for the Danish utility Elsam, 0.4m tonnes a year for Ireland's Electricity Supply Board and an annual 0.7m tonnes for the Spanish state coal importer Carboex. Both El Cerrejon companies market their coals separately but have *the right to supply half of the* other partner's agreements.

The contract with Elsam, unlike most international coal contracts, is reported to be based on an agreed-price, plus escalation basis. This mirrors many internal U.S. contracts between mines and utilities where the escalators are conditioned by production costs.

The remaining three contracts are believed to be on an agreed-volume basis with prices determined yearly to reflect world steam coal market prices.

The partners are also sending their coal salesmen to the promising markets in the Far East, the Caribbean and, worryingly for the U.S. producers, to the US Gulf utilities. *This has so incensed the U.S.* United Mine Workers Union that it has asked for federal legislation to block U.S. companies from investing in overseas mines.

In many ways Exxon's reputation is on the block with El Cerrejon. Following the 1973 and 1979 oil shocks the oil companies rivalled each other in their enthusiasm to invest in coal. But none was as bold as Exxon.

The company has already had one casualty, which traditional coal miners put down to arrogance. In August, Exxon closed the East Lynn mine in West Virginia, in the U.S., after only three years of operation. It never produced at its intended 4.4m tonnes a year capacity. The reason for the mine's eventual closure could prove ominous—the venture was entered into without the necessary contracts being set in line.

If El Cerrejon is a test for Exxon, it is even more crucial for Colombia. El Cerrejon is the first step towards Colombia's establishment as a major coal exporter.

Although the El Cerrejon mine alone could provide a substantial flow of dollars, it could be only the first of many. The area on which attention is now focusing is that around the La Loma and La Jagua deposits, both of which are in the same north-east region of the country in which El Cerrejon lies. Currently awaiting the Government's clearance is a proposal from Colombia's Siminera and Greenley Energy of the U.S. to construct an opencast export pit at La Loma to produce 6m tonnes a year by 1991.

Just how this coal gets to port is crucial not only for the development of a coal export trade but also for an expansion of Colombian trade in a whole series of commodities. Development of Bahia de Portete gives the country its first deep water port and if the developers of the *La Jagua* and *La Loma* deposits can be persuaded to help fund a rail link with the port, it would also plug Bahia de Portete into the country's main rail network.

Alternatively, the La Loma/La Jagua coal will have to pass through the restricted port facilities of Santa Marta. It will reach there initially in small volumes on a narrow-gauge railway — subsequently in barges along the Rio Magdalena.

What is beyond doubt is that Colombia has vast reserves of coal, which a recent official *survey* put at 16bn tonnes. With a limited home market it is crucial for Colombian aspirations that the Exxon/Carbocol venture gets it right. But so far it is hard to escape the conclusion that, in Colombia, Exxon is unlikely to have discovered coal's El Dorado.

Gerard McCloskey is editor of the FT International Coal Report.

UK COMPANY NEWS

Delmar lower but pick up expected

DESPITE A reduction in first-half taxable profits from £196,000 to £83,000, the directors of Delmar Group, a USM company, are forecasting a full year figure in the region of the previous year's £266,000.

Turnover of this rubber and plastics fabricator and extruder edged up from £995,000 to £1.07m in the six months to September 30 1983. Last year's total turnover was £2.2m.

The directors point out that the figures reflect the seasonal nature of the business, with the majority of sales activity occurring in the second six months. The unusually long summer in 1983 has exaggerated this underlying trend, they say, and this is mirrored in the half-year profitability.

At the trading level, profits were down to £53,000, compared with £127,000 which was after including £69,000 from property disposals. Tax charge was £70,000 lower at £17,000 and minorities took £4,000 (£17,000). Earnings per 25p share dropped from 1.86p to 0.63p.

Following the payment in August of an interim dividend of 0.98p net per share, the directors say they expect to pay a final of 1.63p for the year.

The Croydon premises are producing rental income, although only for a very small part of the period under review, the directors report. However, the benefit of this will accrue in the second half. It is planned that this investment will be realised at a substantial premium in the near future.

The directors look forward to continued progress in the remainder of the financial year.

Yearlings down ¼%

The interest rate for this week's issue of local authority bonds is 9¾ per cent, down one quarter of a percentage point from last week and compares with 10¼ per cent a year ago. The bonds are issued at par and are redeemable on January 9 1985. A full list of issues will be published in tomorrow's edition.

BIDS AND DEALS

Baldwin building up holding in Renold

H. J. Baldwin, the Nottingham-based manufacturer of concrete and clay products, has bought 700,000 shares (1.74 per cent) of Renold, the Manchester-based power transmission and mechanical handling group.

These shares are part of a stake which the Baldwin property and investment division is now acquiring in Renold, Baldwin said.

Mr Martin Moir, chairman of Harley Baird, which is the majority shareholder in Baldwin, said the company was not acting entirely on its own in the purchase of Renold shares. He has a personal holding of about 150,000 Renold shares.

Mr Moir added: "We require a proper return on the assets of companies in which we are interested at a very early date indeed."

Baldwin said the middle market price of Renold's ordinary shares on December 19, when it made the purchase, was 26p. This compared with net assets of 110p per share in October 1983. Baldwin's property and investment division takes a very active interest in its holdings, the company said.

It announced a pre-tax trading profit of £52,948 in the six months ended October 31, 1983 on turnover of £1.31m. This compared with a profit of £11,470 in the corresponding 1982 period on turnover of £1.1m.

Baldwin also made an extraordinary profit, less tax, of £48,372 (nil). Earnings per share rose to 0.71p against 0.19p.

Mr Stephen Becker, managing director and main owner of AJAX Holdings, has become a director of Baldwin. He owns 42,500 shares.

Mr Becker, or his associates, will be entitled to subscribe for 350,000 new 10p ordinary shares of Baldwin at 100p each on or before December 31 1984, subject to shareholders' approval. The Baldwin board is considering splitting the ordinary shares into smaller units to increase marketability, increasing borrowing limits and making it easier to issue shares for acquisitions.

Baldwin's shares rose 22p to 69p yesterday while Renold rose 1p to 25p.

Bristol Oil agrees terms for Berry Wiggins buyout

Bristol Oil and Minerals has reached conditional agreement for a management buyout of Berry Wiggins, its ailing commercial vehicle subsidiary, further moving the group—formerly KCA International—towards purely oil and gas exploration and production activity.

The Berry Wiggins management is to pay a base price of £350,000, of which £30,000 is payable in cash on completion, with the balance payable over five years at 8 per cent. The agreement allows for the final sale price to be increased by a further £250,000 depending on the operating results of Berry Wiggins over the same five years.

Berry Wiggins, which reconditions heavy vehicles at two plants in Newbury and Maidstone and holds a number of commercial vehicle franchises, accumulated what Bristol Oil describes as "substantial losses" over the last two years.

Pre-tax losses for the six months to June 30 last year were £435,000.

The buyout is the latest step in Bristol Oil's gradual disposal of day-to-day trading interests.

In October it finalised terms for a £22.2m management buyout of KCA Drilling, its 75 per cent-owned publicly quoted drilling contractor.

AE would not welcome renewed offer from GKN

AE, one of Britain's largest vehicle component manufacturers, would not welcome a renewed bid from Guest Keen and Nettlefolds, the UK's biggest engineering group, should the Monopolies and Mergers Commission clear the way for the takeover in the spring.

In his annual report to shareholders, Mr John Collyear, the AE chairman, stresses that his board "does not welcome a bid, since it is clear that the improving results deriving from the actions which have been taken in past years will ensure that AE has a good future as a continuing independent company."

AE turned in a pre-tax profit of £0.4m for the year (against 1982 losses of £0.2m) on turnover of £396.6m, after first half losses of £2.3m.

GKN made an initial £50m bid for AE last July, which it subsequently upped to £66m on an agreed basis. The proposed merger was then—unusual for an uncontested takeover—referred to the Monopolies Commission by the Office of Fair Trading in September. GKN stated its intention to maintain its interest throughout the Commission's six-month inquiry.

The two companies together would account for about three-quarters of the UK market of a wide range of vehicle components.

In his statement, Mr Collyear described 1983 as a turning point, stressing improvement in productivity, liquidity and market share, and the first signs of a return from the company's policy of increased spending on product development.

Whitecroft £1.85m sale

Whitecroft, with interests in textiles, building and engineering supplies and engineering, has sold its 50 per cent shareholding in the Holden Vale Manufacturing Co., based in Lancashire, for approxmiately £1.85m cash.

Purchaser was Hercules, a UK subsidiary of Hercules Incorporated of Delaware, U.S., which already held the other 50 per cent of Holden Vale.

Whitecroft received £1.7m at completion and the balance of the purchase consideration, which is to be calculated by reference to the book value of Holden Vale's net assets at the date of completion, will be paid next month.

Holden Vale processes cotton fibre to produce a bleached cellulose product for use in the paper and chemical industries. This operation does not represent part of Whitecrofts' future strategic plans, whereas Hercules has substantial manufacturing facilities in the U.S. serving this industrial sector. It is also a large consumer of these commodity products.

Turnover of Holden Vale for the year ended March 31 1983 totalled £5.72m and profits before tax amounted to £360,000. Net tangible assets at March 31 1983 were £2.25m.

Bodycote Intnl.

Blandburgh Nemo, a subsidiary of Bodycote International, has acquired Davis Metallurgical Company, based-in Cheltenham, for £267,500, equivalent to the value of net assets acquired, which is payable in cash on complition.

The acquisition will extend the network of Blandburgh's operations in the South West and Home Counties. Davis is a commission processor and handles units destined for all the major civil and aerospace projects in the UK. It operates high technology computerised high pressure vacuum furnaces which are technically superior to and more sophisticated than any other Blandburgh equipment.

Stenhouse Holdings

The directors of Stenhouse Holdings continue to advise shareholders not to accept the offer being made by Reed Stenhouse Companies.

They say that a letter, dated December 29, from Reed does nothing to answer their fundamental objections to the terms of the offer. The directors of Stenhouse will be writing to shareholders in the near future.

Charterhouse Fund

The Charterhouse Business Expansion Fund has invested £450,000 in Country House Hotels, which will acquire and operate hotels close to London and other major urban areas in the UK.

Charterhouse will own some 35 per cent of the equity. Other major shareholders include clients of S. G. Warburg (39 per cent) and Mr David Newling Ward, Country House's manager.

James Gulliver, the chairman of Argyll Group, will become non-executive chairman of Country House.

Regentcrest

St James Corporate Services, based in Jersey, has increased its holding in Regentcrest, a Belfast-based property investment, development and dealing concern.

It has acquired a further 550,000 shares lifting its total holding to 1.4m shares, equal to 9.5 per cent.

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APPOINTMENTS

Holt Lloyd International posts

Mr F. J. G. Pert and Mr H. F. Elkins have been appointed joint managing directors of HOLT LLOYD INTERNATIONAL. Mr Pert will be responsible for Europe, including the UK and export, and Japan, while Mr Elkins will be responsible for the Americas, Australasia and the Far East. Mr J. F. Parker has been appointed general manager of Holt Lloyd, the UK subsidiary of the main company.

*

From January 1 Mr Eric Tait becomes secretary of the INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND succeeding Mr Gordon Stewart, who remains in the Institute's service as its legal adviser.

*

HUNTERS FOODS has appointed four executive directors from January 1: Mr Wilf Lievesley becomes trading director responsible for sales and distribution. Mr Gavin Bell becomes marketing director responsible for marketing, new product development and quality control. Mr Peter Dear becomes technical director, and Mr Roland Scott joins as financial director from Canada Dry Rawlings, where he was chief accountant.

*

Mr John Philip Southwell has joined the board of JAMES CROPPER as a non-executive director. He is a partner in the stockbroking firm of Laing & Cruickshank, and specialises in research and corporate finance.

*

Mr Timothy Ablett has been appointed financial controller at Wigham Poland and becomes a director of WIGHAM POLAND MANAGEMENT SERVICES from January 3. He is a partner in John Baker Sons & Bell, Lloyd's panel auditors. Mr Peter Sutherland, chief accountant, also becomes a director of Wigham Poland Management Services.

*

Mr C. N. Hughes has joined the board of NICOLLS POINTING COULSON and will be deputy chairman. He has also been appointed a director of the other companies in the group.

*

Mr G. F. Johnstone has been appointed a director of A. L. STURGE (MANAGEMENT), and the following have joined the board of A. L. Sturge (Syndicates Management): Mr R. P. Maggs, Mr M. C. Massie and Mr D. T. Robinson.

*

Mr David R. Lewis has been appointed financial controller of BROOKE BOND GROUP.

*

Mr John Foley has been appointed a part-time member of the SOUTH WALES ELECTRICITY BOARD for three years from January 1. He is divisional officer, South Wales, for the Iron and Steel Trades Confederation. Mr James Miller and Mr William Pull have been appointed regional directors of HARRISONS & CROSFIELD.

*

As part of management moves in the MANPOWER SERVICES COMMISSION, Mr Dewi Rees has been appointed director of professional and executive recruitment in place of Mr Turlough O'Conor, from January 16. Mr O'Conor is appointed executive director for the south division. Mr Rees was the regional director for the north west.

*

Mr Geoffrey R. Lister has been appointed deputy chief executive of BRADFORD & BINGLEY BUILDING SOCIETY. He was general manager. Mr William M. Fybes becomes a director. He is a senior partner of Herbert Oppenheimer, Nathan & Vandyk, solicitors, chairman of AAH Holding, British Fuel Company, Siebe Gorman Holdings, Leigh Interests, the Midlands and North Western Board of British Rail, and a director of Cornhill Insurance and Homeowners Friendly Society.

*

Mr H. A. C. Edwards has been appointed a trustee of the GROSVENOR ESTATE.

*

The FOREIGN BANKS ASSOCIATION has re-elected Mr T. H. Taylor, general manager of Banco Totta and Acores, as chairman and Mr J. Rambosson, managing director of Banque Nationale de Paris, as vice-chairman, for a further year. Mr L. A. Jackson continues as secretary.

*

Mr F. S. Huggins has relinquished his position as chairman of HARTWELLS GROUP to become president. He remains on the board. Mr P. F. Huggins, chief executive, has been appointed chairman.

*

P & O CRUISES has appointed Mr Len Scott as deputy chairman. Mr Alan Langley, deputy managing director, succeeds Mr Scott as managing director of P & O Cruises and will be responsible for cruising, travel and leisure.

*

Mr Julian Radcliffe has been appointed to the board of HOGG ROBINSON GROUP. He will be responsible for research and product development.

*

SPRING RAM CORPORATION has made two board appointments: Mr Peter Stackhouse has been appointed managing director of Spring RAM International which has been formed to spearhead the corporation's export programme. Prior to joining the RAM H. I. board three years ago he held a senior export position. Mr Stackhouse will remain a director of RAM H. I. Mr Francis Galvin succeeds Mr Stackhouse as sales and marketing director of RAM H.I. He joined the company two years ago as general sales manager.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

MERRICK TAYLOR relishes telling the story of how he asked the finance director of a very large Continental truck manufacturer what action was being taken to cope with slumping demand at the start of the 1980s.

Doubling the intake of apprentices, came the prompt reply.

It was in such periods of recession, explained the executive, that a company must increase its skills; bringing in new, young ideas to allow the company to be re-created in better times.

That, suggests Taylor, is hardly the most likely answer to the same question posed in a British industry which is obsessed with short-term cost control.

"Profit is like a pay rise—here today and gone tomorrow," says Taylor, who is managing director of a remarkable company with the ungainly name of Motor Panels (Coventry).

It is now well past time, he insists (for the UK, particularly its financial institutions, to stop focussing on short-term profit "with wealth creation by accident," and take a long term view of wealth creation, "using profit as the discipline."

Taylor is almost messianic in putting across his view that the way innovative, creative product design overridden in Britain by short term financial considerations is hitting the country's competitiveness against that Continental truck maker.

But that is the way he feels obliged to be. After stumping the country in support of the government's "Design for Profit" campaign, he has just been lent weight by Motor Panels' receipt of one of the four biennial Royal Society of Arts awards for design management.

The award was presented just before Christmas by Prince Philip, along with accolades, for Ford Motor Company Clarks, the shoe manufacturer, and Rotork (UK), a broadly-based engineering concern specialising in valve actuators for pipeline systems (see this page, November 7 1983).

Design, and its management, has become a keystone of Motor Panels. One of the older motor industry companies in the UK, it forms a highly successful part of the Rubery Owen group and *is now Europe's largest independent manufacturer of truck cabs.*

Its design approach has produced an ingenious 'meccano' kit of standardised truck cab panels which is suitable no less for hand welders in developing countries, using simple jigs, than for robotic assembly in the developed countries of Northern Europe.

The company has consciously developed a comprehensive design management strategy, the starting point of which is research into real user needs.

Rather than in any particularly advanced form of market research, Motor Panels starts to depart from normal practice in involving all corporate functions, not just marketing and design, in the design process at its earliest stage. There is also an across-the-board presence on the feed-back teams at motor shows and other exhibitions. Taylor says this approach avoids "the trap of having a particular slant on the market situation or the unchallenged protection of a pet idea."

At the start of a project the company also draws freely on the use of consultants, universities, colleges and other institutions. And it has tried to emulate the Continental truck-maker's example by sustaining a high intake of graduates and apprentices continuously to feed in fresh ideas.

Although Motor Panels is also involved in the car industry—it designs and manufacturers the bodies, for example, of the Rolls-Royce Camargue and Daimler Limousine, having previously built such items as Donald Campbell's Bluebird land speed record car and the Rover BRM gas turbine racer—its primary involvement remains truck cabs.

Merrick Taylor: designing for profit

Rewards of long term planning

John Griffiths on a design award winner

The fact that it can take five years between initial design and ultimate production, and entail a very high degree of front-end tooling costs, inevitably means that a product life of between 10 and 15 years is required to amortise investment and generate adequate profits.

So, in designing for efficiency, an overriding priority is placed on taking account of styling market demand and the design of tools which allow product design to be adapted and updated easily—without *rendering the initial investment* obsolete.

Just how well the concept has worked shows up in the contrast between the company's pressed steel standardised cab of the early 1970s, and its prize-winning, pressed and spot-welded aluminium "Hemi-Tech" cab which is destined for use by European manufacturers through the 1980s. Despite vastly different appearances, they use 70 per cent of the same components and tooling.

It is the cab's constituent panels, not the cab itself, which are standardised, allowing a variety of shapes and sizes to *be built with common parts.*

Taylor continually harks back to what he insists is Motor Panels' *fundamental* principle: designing for profit. And that in turn, he stresses, is entirely dependent on the efficient design and execution of product. To talk about the cost-effectiveness of specific areas of the business, he suggests, is a nonsense: "If you've got a bad product, then no one in the organisation is going to be cost effective."

Motor Panels could not avoid a loss in 1980-81 when, as one motor industry executive put it at the time, truck sales in many markets "fell off the cliff" after a buoyant 1979. The company lost £1.136m, after interest. Since then, against the background of the worst international recession in the truck industry for over 30 years, which has deepened further over the past two years, Motor Panels has successfully swum against the tide.

Turnover in 1981-82 rose to £13.7m from the previous year's £12.8m, and the company was back in the black with a profit of £537,000 after interest. In 1982-83, which saw the near-total collapse of vital Third World markets for European truck makers, turnover was up again, to £15.3m, and profit, after interest, to £701,000.

Also against the trend, its export sales have risen by 46 per cent over the past three years.

Of Motor Panels' turnover, about 25 per cent is now accounted for by its design and engineering operations, once completely dominated by the manufacturing side.

That design and engineering do not show up with a larger share is a function of the fact that turnover on the manufacturing side has continued to rise, despite the truck recession, with the company increasing its share of the truck cabs market from less than 15 per cent to almost 20 per cent.

The design staff at Motor Panels, comprising nearly 100 out of its total 650-strong workforce, is already looking towards the products required for the late 1990s. They will not fall into the trap which has so often snared UK manufacturers, Taylor insists.

He describes the snare as follows:

"Design cost as a proportion of predicted revenue tends to be about 1 per cent. The Japanese, for example, take the view that 'it's only 1 per cent—so why not do it right?'

"UK companies tend to try and save on the 1 per cent, and put the whole 99 per cent at risk.

"Then they spend millions in marketing to try and disguise the fact that, when it comes to the actual product, they've *screwed it up . . .*"

Managers and the shop floor

A growing confidence

Ian Hamilton Fazey reports on changes in industrial attitudes over three years

THE UNION had just won a 39-hour week in national negotiations, posing *the problem of* which hour to lose from the old working week. Shop stewards at a Midlands engineering company demanded it be the last, to give a 3.00 pm finish on Fridays.

Management, fearing that this would merely give the union a lever to force an hour's overtime if the week's work "fell" behind schedule, refused. A furious chief executive—who would later resign his company's membership of the Engineering Employers' Federation for conceding the reduction—said the lopped-off hour would be the least valuable: the first on Mondays.

The union gave in, so that the plant now starts up at 9.00 am each Monday. A year on, management reckons that output has been hardly affected.

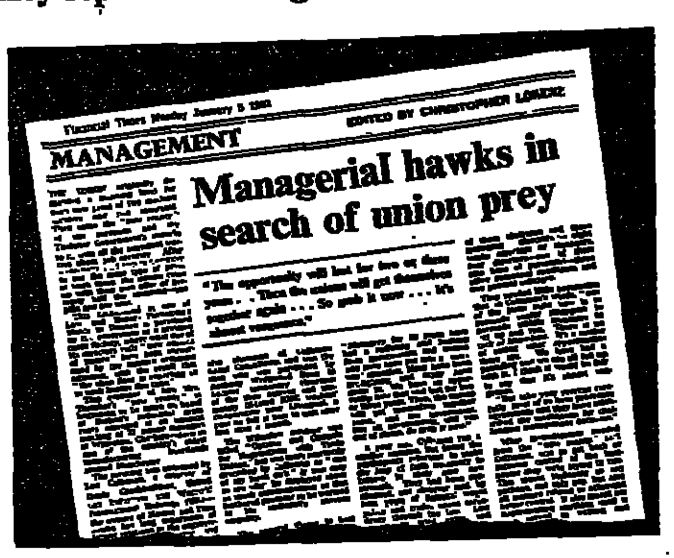
According to Len Collinson: "This illustrates an important division that has emerged in private sector industrial relations in the last three years. Managements at factory levels have been able to use fears of job losses to win points much more effectively than national negotiators, who are more remote from the dole queues."

Collinson, chairman of the Manchester labour relations consultants, Collinson Grant, runs regular seminars to help managers win more points. The seminars—the next will be held in Wilmslow, Cheshire, later this month—provide a valuable insight into the mood of *management.*

His early ones in 1980 were the first to identify the growing hawkishness of British management in the wake of the Conservatives' general election victory. Then, managers were out for vengeance, seeking to regain ground lost to the unions during the years of social contracts with the Labour Governments of 1974-79.

The mood at Collinson's latest seminar—held recently in Coventry and attended by a small but influential group of senior managers from all over Britain—was firm, rather than hawkish, with the participants feeling more free than they have for years actually to manage.

For one thing, there have been dramatic reductions in the time spent on industrial relations (IR), with plant level negotiations only taking place in "realistic" bargaining zones.


MANAGEMENT
Managerial hawks in search of union prey

As one production director put it: "The union came to us recently with a claim we costed at 28 per cent. Five years ago *we would have been defensive,* set up a management team and wasted weeks preparing a reply and giving it. This time we told them to take it away and not come back unless it's with something realistic and responsible."

Time spent on IR has also been reduced quite simply by changing the times of meetings. One large engineering company in the North now holds meetings with shop stewards at 4 pm, with no overtime available for the union negotiators if discussions go past clocking-off time. Previously, meetings began at 10 am and went on all day: now they rarely last an hour.

At the same time, senior managers have been saving time by giving a bigger role to middle managers, foremen and supervisors.

One company director said: "Past custom and practice was for shop stewards to deal only with a relatively senior member of management, which was often a sore point with foremen, who would find the stewards informing the workforce what had been agreed before the management could tell the foremen.

"Now I ask if the matter has *been raised* with the foreman and if the answer's no, I show them the door."

In another manager's view: "There has been a growing realisation that 'No' is a reasonable, legitimate response to many issues. It's part of managerial credibility for the unions to be saying: 'Don't ask him for that, he'll just tell us to bugger off.' It's amazing how much time we've saved by this simple little word."

With managerial firmness improving credibility, managers also reported a more widespread understanding that better profitability means better job security. Most believed that this would help them carry their workforces with them in orienting more corporate effort towards customers.

According to one chief executive: "Our problems in surviving as a company are now not so much about keeping down wage increases as how we look after our customers. We used to be too busy with IR to think about this."

An American operations director working in Britain said: "Our business is carpets, which is style oriented. The cost per unit of output is the major essential ingredient of our business because customers go into *shops with a desire to satisfy* styling needs but come out with a carpet that merely meets the needs of their pocketbook. Our prices have got to become relatively low enough to meet their styling needs too."

The need for the longer view has also hit home. One manager said: "Ten years ago most of us were desperate for all the production we could get and we made all sorts of daft payments and conceded silly demands. We could not afford to stop and think and the result is that many of us have paid dearly later, with an appalling cumulative effect on the national economy. It must not happen again."

But managers do see a difficult, burning issue dominating pay talks in the next few years: who should have what share of increased productivity?

Collinson himself gave the Coventry seminar a line of argument that will probably be repeated across many negotiating tables in the coming months: "People in work have fared better in terms of pay than they have for 15 years. Their average real earnings have gone up by 14 per cent in the last five years. Company income in the same period has fallen by 75 per cent.

"Over 20 years, the trends are alarming. Pay has gone up by 854 per cent since 1963, while productivity has improved by only 83 per cent in the same two decades. This had led to closures, lost jobs, bankruptcies and reductions in shares of home and world markets. The proposition we are at is that productivity gains have got to flow into profits."

Most of his audience took copious notes and said they would modify and embellish the figures with their own companies' parallel statistics as they bargain during the coming months.

They are in a determined, assertive mood: looking at ways to get productivity gains into profits, investment, better design, increased customer-orientation and, they hope, an increasing market share against foreign competitors in Britain and abroad.

The brightest sign, however, was that, unlike those seminars of three years ago, there was nothing in the general mood that smacked of gloom or a sadistic desire to be nasty to the unions. Rather, there was the feeling of a surer, growing confidence. As one senior man put it: "I think we have all discovered that it is amazing what you can achieve if you keep on pushing away at the perimeter."

BOND DRAWINGS

FINANCIAL TIMES

Wednesday January 4 1984

Nigerian coup gives boost to cocoa prices, Page 26

WALL STREET

Lethargy as outlook unclear

THE FIRST trading day of 1984 brought no Orwellian dramas, merely a cautious optimism which was not strong enough to stir the stock market from its post-holiday torpor, *writes Terry Byland in New York.*

New Year predictions from the leading investment houses seemed in agreement that U.S. interest rates should fall in the first half of this year, but credit markets remained dull yesterday as last week's weight of Treasury funding was absorbed.

Lacking a lead from the credit markets, leading stocks could make no headway and it was again left to special situations to provide the points of interest in a lethargic market.

After drifting down throughout the session, the stock market ended at the low point of the day, with the Dow Jones industrial average 5.90 points down at 1252.74. Turnover was low, only 71m shares being traded. A final discouragement for investors was the rise in the Federal Funds rate to 10¼ per cent.

The $1.68m rise in M1 money supply reported last week was brushed aside by the credit markets as a reflection of seasonal factors, with cash clearly in demand ahead of the extended holiday weekend.

Today brings another difficult settlement day for the banks and this helped to keep demand for short-term funds brisk yesterday. The Federal funds rate remained high despite assistance from the Federal Reserve in the form of two-day system repurchase arrangements. Similar pressures held Treasury bill discounts close to recent levels and the bond market registered falls of around ¾ of a point.

Japanese markets remained closed yesterday for new year, but will reopen today.

A major surprise for the stock market came when Warner Communications was suspended at $26½, just ahead of the news that Mr Rupert Murdoch wants to increase his stake to just under 50 per cent of the equity – only days after Warner tried to head him off by a share exchange deal intended to put a commanding stake in the hands of Chris-Craft, the television broadcasting group.

Warner stock returned, still at $26½, but then traded hectically to close at $27¾, a net $¾ higher as investors puzzled out the next move. On the American Stock Exchange Warner's warrants also came to life, adding $¼ to $5⅞.

Topping the active list, again by a wide margin, was the new AT&T stock, at $17¾, down $⅛. Among the other market leaders, General Motors moved $¼ lower at $74⅛ and IBM dropped $¼ to $121¾. Honeywell, was up $1 at $131.

Oil shares saw no continuation of the flurry before Christmas when the stock market began to hope for a recovery in world crude prices. At $36⅝, Exxon lost $¾ and Gulf Oil shed $⅝ to $42½.

The airline sector quietened down after a strong close to 1983 but there were buyers for rail stocks where Burlington Northern featured at $98, down $1.

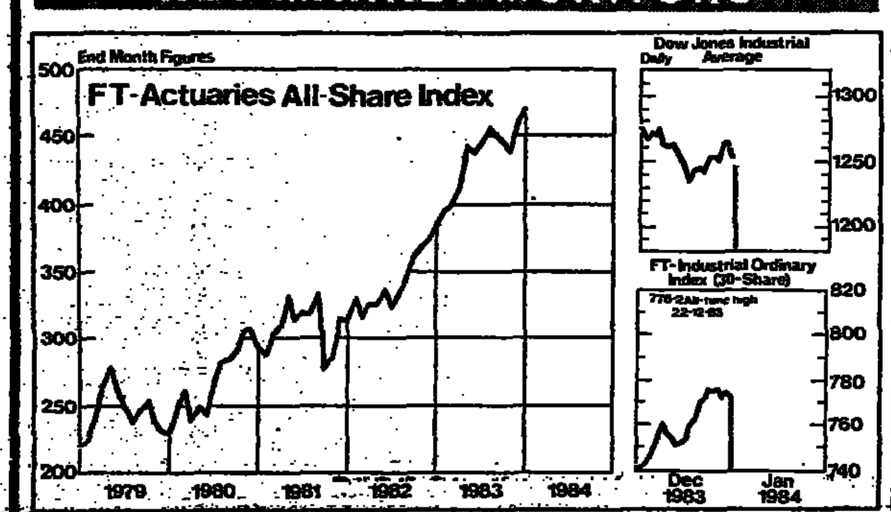
In aerospace issues, McDonnell Douglas, still lacking a settlement of its long drawn-out labour dispute, was unchanged at $59¼.

Credit markets lacked retail investment interest and inclined easier in the latter part of the session, when a Commerce Department announcement of strong factory order levels in November discouraged optimism over the moderation of economic recovery.

In the bond market, the key long bond slipped 13/32 to 100 29/32 to yield 11.93 per cent.

Treasury bills showed little change from pre-new year levels, the three month discount standing at 8.96 per cent and the six-month at 9.16 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 3	Previous	Year ago
NEW YORK			
DJ Industrials	1252.74	1258.64	1027.04
DJ Transport	593.94	598.59	434.24
DJ Utilities	131.21	131.84	119.51
S&P Composite	164.04	164.93	138.34
LONDON			
FT Ind Ord	771.80	775.70	598.90
FT-A All-share	470.03	470.50	383.25
FT-A 500	502.24	503.10	423.13
FT-A Ind	462.05	462.71	398.12
FT Gold mines	578.60	575.70	562.20
FT Govt secs	83.10	83.12	81.45
TOKYO			
Nikkei-Dow	closed	9893.82	8016.67
Tokyo SE	closed	731.80	593.72
AUSTRALIA			
All Ord.	782.70	775.30	485.50
Metals & Mins.	567.40	562.20	408.20
AUSTRIA			
Credit Aktien	56.06	56.21	51.38
BELGIUM			
Belgian SE	135.61	135.44	101.13
CANADA			
Toronto Composite	2551.5	2552.30	1958.00
Montreal Industrials	443.06	443.73	329.81
Combined	426.45	427.40	321.50
DENMARK			
Copenhagen SE	218.35	214.36	100.00
FRANCE			
CAC Gen	155.60	156.70	n/a
Ind. Tendance	99.40	100.00	n/a
WEST GERMANY			
FAZ-Aktien	358.16	357.28	265.93
Commerzbank	1060.60	1059.70	773.20
HONG KONG			
Hang Seng	871.06	867.30	785.66
ITALY			
Banca Comm.	194.39	192.08	164.06
NETHERLANDS			
ANP-CBS Gen	161.70	158.50	100.30
ANP-CBS Ind	135.80	133.90	83.60
NORWAY			
Oslo SE	225.07	226.33	100.00
SINGAPORE			
Straits Times	1013.59	1002.03	725.39
SOUTH AFRICA			
Golds	869.0	887.50	968.80
Industrials	987.70	985.10	740.90
SPAIN			
Madrid SE	101.22	100.00	100.00
SWEDEN			
J&P	1457.29	1451.98	896.16
SWITZERLAND			
Swiss Bank Ind	388.70	383.80	294.50
WORLD	Dec 30	Prev	Yr ago
Capital Int'l	184.00	183.70	155.20

GOLD (per ounce)

	Jan 3	Prev
London	$380.875	$382.00
Frankfurt	$382.50	n/a
Zürich	$380.25	$382.125
Paris (fixing)	$385.03	$382.29
Luxembourg (fixing)	$383.30	n/a
New York (Jan)	$379.20	$385.10

† Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Jan 3	Previous	STERLING Jan 3	Previous
$	–	–	1.4285	1.4515
DM	2.7590	2.7225	3.94125	3.955
Yen	232.25	231.55	331.75	336.5
FFr	8.4385	8.3175	12.055	12.07
SwFr	2.212	2.1805	3.165	3.165
Guilder	3.0965	3.06	4.425	4.445
Lira	1672.0	1656.5	2388.0	2401.0
BFr	56.21	55.6	80.28	80.70
C$	1.24575	1.24495	1.78	1.8055

INTEREST RATES

	Jan 3	Prev
Euro-currencies (offered rate)		
£	9 7/16	9 7/16
SwFr	4	3¾
DM	5 9/16	5⅝
FFr	13¼	13⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	10	9 15/16
6-month U.S.$	10⅛	10⅛
U.S. Fed Funds	10¼†	8
U.S. 3-month CDs	9.55	9.6
U.S. 3-month T-bills	8.98†	8.95

U.S. BONDS

Treasury	Jan 3 Price	Yield	Prev Price	Yield
10% 1985	100[illegible]	10.79	100[illegible]	10.83
11⅜ 1991	99[illegible]	11.78	99[illegible]	11.78
11.75 1993	99[illegible]	11.84	99[illegible]	11.80
12 2013	100[illegible]	11.91	100[illegible]	11.88
Corporate	**Jan 3 Price**	**Yield**	**Prev Price**	**Yield**
AT&T				
10⅜ June 1990	93*	11.95*	93⅞	11.85
3⅜ July 1990	67⅜*	11.10*	67⅝	11.10
8⅜ May 2000	75*	12.35*	75	12.35
Xerox				
10⅞ March 1993	92⅛*	12.05*	92⅛	12.05
Diamond Shamrock				
10⅜ May 1993	89⅛*	12.55*	90	12.45
Federated Dept Stores				
10⅞ May 2013	85⅝*	12.85*	86	12.40
Abbot Lab				
11.80 Feb 2013	94⅛*	12.55*	94⅞	12.45
Alcoa				
12½ Dec 2012	95*	12.90*	95⅛	12.95

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	69-22	69-26	69-17	70-01
U.S. Treasury Bills (IMM) $1m points of 100%				
March	90.71	90.73	90.68	90.78
Certificates of Deposit (IMM) $1m points of 100%				
March	89.98	90.05	89.97	90.09
LONDON				
Three-month Eurodollar $1m points of 100%				
March	89.85	89.92	89.83	89.95
20-year Notional Gilt £50,000 32nds of 100%				
March	109-10	109-19	109-05	109-19

COMMODITIES

(London)	Jan 3	Prev
Silver (spot fixing)	624.30p	614.25p
Copper (cash)	£1002.00	£980.75
Coffee (Jan)	£1943.00	£1950.50
Oil (spot Arabian light)	$28.50	$28.45

LONDON

Forecasts give food for thought

A STEADY opening by leading equities in London soon gave way to an easier trend through lack of support, with many institutional investors apparently extending their new year holidays.

Conflicting forecasts of British economic trends over the coming year were a restraining influence on leading industrials, as was next Wednesday's final call of 235p on each BP new share.

The FT Industrial Ordinary index, which managed a 0.4 gain at 10am, drifted throughout the rest of the session to end 3.9 lower at 771.8.

Among insurances, Eagle Star eased 2p to 692p following last week's successful £7 per share bid by BAT.

Sterling's easier trend left the gilt-edged market cautious. Longer-dated stocks were initially up to ¼ easier, but some later demand restored them to around last Friday's levels.

South African gold shares opened steady but later drifted back on lack of interest, while financials remained mixed in subdued trading.

Details, Page 21; Share information service; Pages 22–23.

AUSTRALIA

FIRMER METAL VALUES coupled with news of success in two oil drilling ventures again buoyed Sydney as demand carried over from last Friday. The All Ordinaries index set another record, up 7.4 at 782.7.

The consortium which has made the finds in the Cooper-Eromanga and Surat basins is led by Hartogen, which added 15 cents to A$2.95. Genoa Oil, its parent, put on the same amount at A$1.55.

Of the metal miners, Renison advanced 15 cents to A$3.90 while BHP, the diversified market leader, picked up 10 cents at A$14.40.

On the industrial boards the strong tone was almost uniform. Pioneer Concrete was one which stood out with a 9 cent rise to A$2.09.

SINGAPORE

INSTITUTIONAL buying interest was spurred on by the 7 per cent growth which was forecast for Singapore this year by Lee Kuan Yew, the Prime Minister, in his New Year message. The Straits Times industrial index rose 11.56 to 1,013.59, consolidating its hold on the 1,000 level established for the first time last Thursday.

Demand was also strong for bank issues, which are not reflected in the index. UOB put on 10 cents to S$5.85, as did Malayan Banking at S$9.40.

HONG KONG

FRESH INCENTIVE was absent as Hong Kong began the year which is likely to decide the colony's future, and after a firm opening the Hang Seng index drifted off to finish 3.88 lower at 871.06.

Trading was quiet and most price variations were within a narrow range. Hongkong Land dipped 3 cents to HK$2.87, Hongkong and Shanghai Bank 5 cents to HK$7

SOUTH AFRICA

GOLD SHARES failed to sustain a firm opening in Johannesburg, giving back early gains in line with a softer bullion price.

By the close, Randfontein was R2 lower at R173 and Southvall was R1.25 easier at R70.75.

Among minings, Anglo American and Gencor were unchanged at R20 and R28.50 respectively.

Industrials tended firmer where changed, with Power Technologies gaining 10 cents to R1.65.

CANADA

DECLINES by the gold and property sectors led shares lower overall in Toronto after a small early advance. Prices moved in a narrow range and trading volume was only moderate.

The same slightly easier trend was seen in Montreal with utility and bank issues turning easier.

EUROPE

New Year excursion to Swiss peak

PROFIT-TAKING began to emerge in some European centres yesterday after the headlong rush upward which heralded the new year, but Swiss and Dutch shares were among those which managed to sustain the advance into previously unsurpassed levels.

Zurich, which had finished the year last Thursday slightly off its peak set the previous day, moved swiftly into line with those markets which on Friday and Monday had bridged the year with a determined buying campaign. The Swiss Bank Corporation industrial index jumped 4.9 to 388.7, while the banking and insurance side was also strong.

With dealings active all round, Bank Leu put on SwFr 50 to SwFr 4,450 and Credit Suisse SwFr 45 to SwFr 2,355. Motor Columbus was SwFr 11 better at SwFr 750, and Hoffmann-La Roche featured otherwise neglected chemicals with a SwFr 300 gain at SwFr 11,125.

The bond market also moved higher where traded, but this was attributed mainly to a lack of fresh paper.

Hectic activity was encountered for several leading **Amsterdam** issues, and a busy market attained records for the fifth successive session, but even there trading later turned two-way and many ended off their day's highs. Prominent among these was Akzo which extended to Fl 110 before settling Fl 1.80 up at Fl 105.

Insurers managed to maintain the upward drive, providing rises of Fl 6 for Amev at Fl 167 and Fl 4 for Nat Ned at Fl 205.

Selling made itself felt in brewer Heineken, off Fl 2.30 at Fl 134.50, and photocopier maker Océ-Van der Grinten, down Fl 4 at Fl 256 – but both after a good recent run-up.

Bonds were neglected and losses ranged to 30 basis points ahead of the expected launch today of a government issue.

Banks held up best as **Frankfurt** turned somewhat nervous at its record levels. Foreign demand boosted Bayerische Hypo DM 6 to DM 298 and Deutsche Bank DM 3.50 to DM 352.50.

But insurer Allianz shed DM 18 of Monday's DM 33 gain as adjustments continued to news of its £160m gain awaited from selling its Eagle Star stake.

Bonds drifted off, with the Bundesbank buying DM 51.5m in paper.

A quickening in **Milan** activity took prices sharply higher, led by the industrial majors while banking and insurance issues were overlooked.

Fiat gained L64 to L3,449, Pirelli SpA L70 to L1,551 and Olivetti L25 to L3,899

Italmobiliare, holding company of the Pesenti group, picked up L1,350 to L51,100 on reports of an interest by Olivetti and that Sig Carlo Pesenti might sell a stake in order to reduce its debt. Invest put on 158 to L3.108. Domestic bonds meanwhile turned mixed.

Against the general trend, **Paris** edged lower in dull dealings in the absence of the year-end technical factors which had been buoying the bourse. Matra slipped FFr 65 to FFr 1,245 and Pernod Ricard FFr 17 to FFr 753.

An uninspired **Brussels** day left Electrafina BFr 45 off at BFr 3,510 and Ebes BFr 40 down at BFr 2,415 but strength among chemicals where UCB added BFr 85 to BFr 4,510 and Solvay the same amount at BFr 3,700.

A surge in **Stockholm** turnover was achieved in the absence of some institutional operators as holidays continued, and prices continued their ascent. Saab-Scania, the car maker undertaking a push into the U.S. market, improved SKr 6 to SKr 296.

Madrid provided a fairly lively performance, with Banco Central up 6 points to 270 per cent of nominal value, although Telefonica slipped 4 points at 66.

BOURSE TURNOVER

Momentum easily maintained

A FEATURE of 1983 was the new-found foreign interest in quality stocks with growth potential quoted in the smaller European centres – particularly in Scandinavia – but the West German and Swiss authorities have been providing evidence that the better-known trading floors there have by no means been deserted as investors looked north.

John Davies writes from Frankfurt: Turnover on the Frankfurt stock exchange rose 40 per cent to a record DM 93.5bn last year, boosted by the sharp revival in demand for West German shares.

Frankfurt is the largest of the eight West German stock exchanges, accounting for about half of total turnover in bonds and shares.

Reflecting higher prices and increased trading, turnover of West German shares in Frankfurt rose 138 per cent to DM 37bn. Turnover in foreign shares showed a slightly larger increase of 149 per cent to DM 8.6bn.

On the other hand, turnover of domestic and foreign bonds was little changed on 1982, edging ahead to DM 47.9bn.

The turnover in West German shares slackened last month to DM 2.49bn, compared with DM 2.9bn in November. The December total was well down on the heady turnover of DM 6bn last March, when Chancellor Helmut Kohl's Government was returned to power in the West German elections.

John Wicks in Zurich adds: Turnover on the Zurich stock exchange jumped by some 37 per cent last year to a record level of about SwFr 260bn ($119bn), with a simultaneous sharp growth in business on the bourses of Basle and Geneva.

Share prices rose by an average of more than 24 per cent over the year, with a sudden upswing in the second half of the year.

In the 12-month period ended November 30, the market value of Swiss shares was up from SwFr 77.9bn to SwFr 91.7bn.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¼	8⅝	AAR	.44	2.6	21	314	17¼	16⅝	17	-⅛
52⅛	30½	ACF	1.40	2.8	235	71	49⅝	49¼	49⅝	-⅛
22	18¾	AMCA	n			1	21½	21½	21½	-¼
18⅝	14¼	AMF	.50	3.1		274	16⅛	15⅞	16	
39⅞	16½	AMR Cp			16	1970	36⅝	36	36¼	
19¾	15⅛	AMR	pf2.18	11.		38	19½	19¼	19⅜	-⅛
40¾	24⅝	AMR	pf2.13	5.7		42	38	37½	37½	-½
16¼	3⅛	APL			21	89	14⅜	14	14⅛	
55¾	33¼	ARA	2.05	4.0	11	628	51½	50⅝	50⅝	-⅞
79⅞	50¾	ASA	3a	5.5		345	55⅜	54⅝	54⅝	-⅞
35¾	14	AVX	s .32	1.2	41	32	27⅛	26⅞	26⅞	-¼
53⅛	38⅞	AbtLab	1	2.2	17	1080	46¼	45⅜	46	+⅛
30⅛	23¼	AccoW	n .60	2.2	20	61	27¼	27	27	-½
27½	17⅞	AcmeC	.40	1.6		49	25¼	25	25	-¼
14½	7⅛	AcmeE	.32b	2.9	550	5	11	11	11	+⅛
24⅞	8⅛	AdmDg	.04	.2	13	76	17¼	16⅝	16⅝	+⅛
18⅝	15	AdaEx	1.73e	9.7		78	17⅞	17⅝	17¾	-⅛
19¼	7¼	AdmMl	.24	1.5	8	38	16¼	16	16	
18⅝	8⅛	Advest	.12	1.1	7	56	11½	11⅛	11⅛	-⅛
35½	12⅛	AMD	s		57	1707	34¼	33½	33⅞	+⅛
24⅝	13⅜	Aerflx	s		18	23	16½	16⅛	16⅛	-⅛
43½	32⅞	AetnLf	2.64	7.3	9	780	36⅛	35⅜	36⅛	+⅛
40½	22½	Ahmns	1.20	3.8	8	958	31½	30⅝	31¼	+½
7⅜	3	Aileen				57	4⅝	4⅜	4⅜	+¼
51	34	AirPrd	1	2.2	13	211	45¾	44⅝	45⅜	+½
30⅞	13⅝	AirbFrt	.60	2.0	24	108	29⅞	28⅝	29⅜	-⅛
2⅝	1⅛	AlMoa	s		22	16	2½	2⅜	2⅜	
33½	29¼	AlaP	pfA3.92	13.		7	30	29¾	30	
7⅝	6½	AlaP	dpf.87	13.		5	6⅞	6⅞	6⅞	

Continued on Page 19

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 18

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
		X-Y-Z								
52⅛	35	Xerox	3	6.1	11	1537	49⅞	49⅛	49¼	−¼
53⅝	47⅞	Xerox	pf5.45	11		43	48½	48¼	48¼	+⅛
37	19¾	XTRA		1.9	23	110	34¼	34	34	+⅛
34	20½	ZaleCp	1.28	4.2	17	6	30	30	30	−¼
27⅞	14⅜	Zapata	.84	5.1	7	384	16¾	16½	16½	−⅓
52¼	26⅛	Zayre	s .30	.7	13	646	43	41¾	42⅞	−1¼
36	13⅜	ZenithR			42	400	35⅞	35½	35⅝	+⅛
26	14¾	Zero	s .32	1.2	35	129	u25⅞	26¼	25⅞	+⅞
37⅞	24¼	Zurnin	1.32	4.9	9	34	27⅛	26⅝	26⅞	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E-price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 19

[illegible]

CANADA

[illegible]

DENMARK

Jan. 3	Price Kr%	+ or —
Aarhus Olie	475	+31
Andelsbanken	351	-5
Baltica Skand	659	-10
CopHandelsbank	341	-3
D. Sukkerfab	765	+34
Danske Bank	377	-3
East Asiatic	160	-5
Forende Bryg	1,540	+39
Forende Damp	196	
GNT Hldg	460	+23
I.S.S.B.	715	+20
Jyske Bank	705	+15
Novo Ind	2,840	
Privatbanken	355	-5
Provinsbanken	363	-6
Smidth (F)	308	+1
Sophus Berend	1,215	-4
Superfos	528	-3

FRANCE

Jan. 3	Price Frs.	+ or —
Emprunt 4½% 1973	1,840	+5
Emprunt 7% 1973	9,650	+30
CNE 3%	3,150	+31
Air Liquide	521	-5
BIC	407xc	+0.5
Bouygues	694	-7
BSN Gervais	2,660	-20
CIT-Alcatel	1,309	-26
Carrefour	1,313	-12
Club Mediter'n	773	+1
CFAO	550	-6
Cie Bancaire	455	-1
Cofimeg	207	-1
Creusot Loire	43.9	+1.4
Darty	771	-7
Dumez	846	-17
Eaux (Cie Gen)	554	-11
Elf-Aquitaine	172.0	+0.5
Gen. Occidental	688	-2
Imetal	61.0	+0.3
Lafarge Coppee	292.0	+3.5
L'oreal	2,207	+2
Legrand	1,901	-39
Maisons Phenix	332	+15
Matra	1,245	-65
Michelin B	801	
Midi (Cie)	1,415	-35
Moet-Hennessy	1,415	+13
Moulinex	105.0	-0.2
Nord Est	49.3	+1.5
Pernod Ricard	753	-17
Perrier	478	+25
Petroles BP	170.2	-1.4
Peugeot-SA	207	
Poclain	57.6	+3.6
Printemps Au	137.0	-0.5
Radiotech	400	-5
Redoute	1040	+5
Roussel-Uclaf	700	-5
Schneider	85.0	-1.8
Sefimeg	261.5	-8.3
Skis Rossignol	1,313	+13
Telemech Elect	1,410	+2
Thompson (CSF)	217	-2
Valeo	295	-5

GERMANY

Jan. 3	Price Dm.	+ or —
AEG-Telef	82.9	+0.4
Allianz Vers	810	-18
BASF	178	-0.5
Bayer	176	-1.4
Bayer-Hypo	298	+6
Bayer-Verein	335	+1
BHF-Bank	284	+1.5
BMW	433	-2.8
Brown Boveri	231.5	+4
Commerzbank	176.5	+2.8
Conti Gummi	132	+4
Daimler-Benz	647.5xr	-7.5
Degussa	388	+2
Demag	146	
D'sche Babcock	194	-3
Deutsche Bank	362.5	+3.5
Dresdner Bank	177.7	+2.7
GHH	157.5	-1
Hochtief	1,065	+50
Hoechst	184	-0.5
Hoesch Werke	108.3	-2.4
Holzmann (P)	447	-4
Horten	186	-1.5
Kali und Salz	199	-1
Karstadt	289	+4
Kaufhof	267	+1
KHD	281.5	+10
Kloeckner	48.5	-1
Krupp	74	+2
Linde	400.5	+5.5
Lufthansa	154	+3
MAN	144.7	
Mannesmann	146	
Mercedes Hld	559	-8
Metallgesell	220	+6
Mueuch Rueck	1,285	-15
Preussag	278.5	+1
Rhein West Elect	179.5	-0.3
Rosenthal	288	-2
Schering	382	+3.5
Siemens	386.5	-1
Thyssen	84.5	-0.6
Varta	180	+2
Veba	172	+2.5
V.E.W.	124.5	-0.5
Verein-West	313	+2
Volkswagen	227.7	-0.1

AUSTRIA

Jan. 3	Price Sch%	+ or —
Creditanstalt	210	-3
Goesser	388	+2
Interunfall	410	
Landerbank	214	+1
Perlmooser	312	-1
Steyr Daimler	165	-1
Veitscher Mag	213	+1

BELGIUM/LUXEMBOURG

Jan. 3	Price Frs.	+ or —
ARBED	1,965	
Banq Int A Lux	3,590	+65
Bekaert B	5,165	+10
Ciment BR	[illegible]	+60
Cockerill	[illegible]	-4
Delhaize	4,950	+50
EBES	2,415	-40
Electrobel	5,350	-20
Fabrique Nat	3,200	-100
GB Inno BM	3,295	+65
GBL (Brux)	1,595	-15
Gevaert	3,090	+20
Hoboken	5,450	+40
Intercom	1,665	-20
Kredietbank	6,280	-20
Pan Hldgs	[illegible]	
Petrofina	6,040	+10
Royale Belge	7,480	+20
Soc. Gen. Banq	3,950	-50
Soc. Gen. Belge	1,695	-5
Sofina	5,610	+60
Solvay	5,700	+85
Traction Elec	3,360	-30
UCB	4,510	+85
Vieille Mont	5,700	-60

ITALY

Jan. 3	Price Lire	+ or —
Banca Com'le	26,550	-50
Bastogi IRBS	133	+6.6
Centrale	1,247	+72
Credito Varesino	5,860	+19
Fiat	3,449	+64
Finsider	49	
Generale (Assic)	153,250	+250
Invest	3,108	+58
Italcementi	49,300	+700
Montedison	223.4	+0.9
Olivetti	3,899	+25
Pirelli Co	3,835	+71
Pirelli Spa	1,561	+70
Snia BPD	1,300	+26
Toro Assic	12,350	-150
do. Pref	8,400	-200

NETHERLANDS

Jan. 3	Price Fls.	+ or —
ACF Holding	203	+1
Aegon	129.5	
Ahold	204.5	+0.7
AKZO	105	+1.8
ABN	389	+5
AMEV	157	+5
AMRO	68.7	+1.7
Bredero Cert	201.5	+5.5
Bos Kalis Westm	44.8	+0.3
Buhrmann-Tet	63	-1
Calland Hldgs	37	+5
Credit Lyon's Bk	56	+5
Elsevier-NDU nv	518	+1
Gist-Brocades	171.5	-3
Heineken	134.5	-2.3
Hoogovens	51.9	+0.5
Hunter Douglas	25.9	+3
Int Muller	17.1	+0.3
KLM	196	+2.5
Naarden Int	47.8	+0.5
Nat Ned Cert	208	+4
Ned. Credit Bank	38.7	-0.2
Ned Mid Bank	157.5	+4.5
Nedlloyd	110.5	+0.3
Oce Grinten	256	-4
Ommeren (Van)	29.9	-0.6
Pakhoed	61.5	+2
Philips	46.6	+1.3
Rijn-Schelde	4	+0.1
Robeco	337.5	+1.5
Rodamco	130.1	
Rolinco	325	+0.6
Rorento	201	-0.2
Royal Dutch	140.6	+0.9
Unilever	260.5	+3.6
VMF Stork	110	-3
VNU	140	+4
West Utr Bank	131	-1

NORWAY

Jan. 3	Price Kroner	+ or —
Bergens Bank	155	
Borregaard	198.5	-1.5
Christiania Bk	155	-2
Den Norsk Credit	157.5	-1.5
Elkem	137	-2.5
Norsk Data	277	-2
Norsk Hydro	505	-5
Storebrand	184	-3

SPAIN

Jan. 3	Price Pta%	+ or —
Bco Bilbao	250	-7
Bco Central	270	+6
Bco Exterior	193	
Bco Hispano	206	+2
Bco Santander	266	+2
Bco Vizcaya	314	
Dragados	108	
Hidrola	41	+2
Iberduero	41	+2
Petroleos	105	+5.5
Telefonica	66	-4

SWEDEN

Jan. 3	Price Kronor	+ or —
AGA	335	+8
Alfa-Laval	270	-2
ASEA (Free)	410	-5
Astra (Free)	585	+35
Atlas Copco	118	-1
Boliden	387	+12
Cardo	385	+15
Cellulosa (Free)	174	+9
Electrolux B	246	+7
Ericsson	399	
Esselte (Free)	295	+5
Mo Och Domsjo	427	+10
Pharmacia (Free)	330	
Saab-Skania	296	+6
Sandvik B (Free)	310	
Skandia	445	
Skan Enskilda	308	+1
SKF B	164	+1
St. Kopparberg	710	+24
Sven Handelsbn	214	+2
Swedish Match	262	-3
Volvo B (Free)	430	-2

SWITZERLAND

Jan. 3	Price Frs.	+ or —
Alusuisse	910	+40
Bank Leu	4,450	+50
Brown Boveri	1,470	+50
Ciba-Geigy	2,425	-10
do. (Part Certs)	1,940	-20
Credit Suisse	2,355	+45
Elektrowatt	2,850	+20
Fischer (Geo.)	685	+35
Genevoise	3,850	-50
Hoff-RochePtCts	101,000	-7,500
Hoff-Roche 1/10	11,125	+300
Jacobs Suchard	6,600	+35
Jelmoli	1,990	-10
Landis & Gyr	1,590	+10
Nestle	5,090	+110
Oer-Buehrle	1,430	+20
Pirelli	260	
Sandoz (Br)	7,300	
Sandoz (PtCts)	1,170	+15
Schindler (PtCts)	465	+5
Swissair	995	-5
Swiss Bank	333	-9
Swiss Reinsce	8,300	+200
Swiss Volksbk	1,600	+30
Union Bank	3,660	+60
Winterthur	3,250	-30
Zurich Ins	19,100	+50

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

MONTREAL

[illegible]

TORONTO Composite

[illegible]

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

(**Saturday December 10: Japan Nikkei-Dow (c). TSE (c). Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

[illegible]

Apr. 22 (cross rates)

	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling										
U.S. Dollar										
Deutschemark										
Japanese Yen 1,000										
French Franc 10										
Swiss Franc										
Dutch Guilder										
Italian Lira 1,000										
Canadian Dollar										
Belgian Franc 100										

LONDON STOCK EXCHANGE

MARKET REPORT

Conflicting forecasts on 1984 economic trends make for cautious and slow market session

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec 12	Dec 22	Dec 23	Jan 9
Dec 30	Jan 12	Jan 13	Jan 23
Jan 16	Jan 26	Jan 27	Feb 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

London stock markets started 1984 on a cautious note. The first trading session after the New Year celebrations appeared to be well attended by the stockjobbing fraternity but was less well supported by institutional and other major investors who were apparently enjoying an extended holiday. Leading equities subsequently drifted lower for want of support, while Government stocks, restrained by a weaker pound, traded within a fairly narrow range.

The lack of interest in leading industrials was not surprising, however, for recent conflicting forecasts of UK economic trends over the next 12 months must have given many fund managers cause for thought. Another restraining influence yesterday was next Wednesday's final call of 235p on each BP new share.

Although the majority of blue chip equities opened steady to firm, it soon became apparent that they would struggle to maintain last week's good form. As buyers failed to appear, many leading shares drifted slightly lower and the trend continued throughout the rest of the session. The Financial Times Industrial Ordinary share index was 0.4 up at 10 am but it eased progressively to close 3.9 down at the day's lowest of 771.8.

Elsewhere, features were few and tended to embrace stocks included in New Year recommendation lists. For this reason, index constituent Distillers stood out with a rise of 8 at 252p.

Sterling's reaction against most major currencies yesterday made for caution in the gilt-edged market. Longer-dated stocks were quoted marginally easier, but rarely by more than ¼, before small demand restored quotations to around last Friday's list levels. Thereafter, business became extremely light and, following early dullness in U.S. bond values yesterday, gilts of all maturities eased later to close about ¼ off on balance. Applications for the £300m issue of Treasury 2 per cent index-linked 1990, payable in full with tender, must be lodged by 10 am tomorrow.

Life Insurances up

Comment on Prudential's upsurge in sales of mortgage-related life assurance policies attracted buyers to Life Insurances and, with stock in short supply, double-figure gains were commonplace. Pru closed 10 better at 490p, while Pearl jumped 20 to 800p, Equity and Law 17 to 769p and Legal and General 12 to 536p. Hambro Life put on 10 to 486p and London and Manchester 8 to 462p, while Britannic added 6 to 454p. Elsewhere in Insurances, Lloyds brokers made progress on currency considerations. C.E. Heath rose 10 to 342p as did Willis Faber, to 705p. Interest in Composites subsided with takeover enthusiasm seemingly stifled by the conclusion of the Eagle Star bid battle. E.S. softened a couple of pence more to 692p, and now stand 8 below BATs bid of £7 per share. Phoenix declined 8 to 370p and GRE lost 7 to 510p.

Reflecting the liquidation of speculative positions owing to fading bid hopes, Royal Bank of Scotland fell 6 to 212p. Among Merchant Banks, Kleinwort Benson, at 440p, lost 15 of last Friday's rise of 20 which followed revived takeover optimism. Elsewhere a firm exception was provided by Hire Purchase concern, London Scottish Finance, which jumped 8 to 55p on speculative buying ahead of the annual results, due next Monday.

Having performed disappointingly in the traditionally firm pre-Christmas period, Breweries continued in the same listless fashion reflecting the absence of institutional support and the widespread publicity given to the apparent success of the police's anti-drinking and driving campaign. Bass eased 3 at 305p, although Scottish and Newcastle attracted scattered support and added 1½ at 99½p. Wiltshire-based brewer Gibbs Mew, last dealt under Rule 163 (2) at a basis price of around 200p, was the subject of a successful introduction to the Unlisted Securities Market, opening at 250p and rising to 255p before closing at 235p.

Leading Buildings moved narrowly in thin two-way trading before settling a shade easier on balance. London Brick eased 3 to 134p, still well above Hanson Trust's 120p per share bid for the group, while Tarmac softened a couple of pence to 428p. Elsewhere, Burnett and Hallamshire jumped to 180p following a Press report suggesting that Hays Group, a company owned by the Kuwait Investment Office, was making a £20m bid for UK Petroleum Products, B & H's oil import and sales subsidiary; a subsequent denial from Hays, however, brought Burnett back to 155p for a fall of 3 on the day. J. Jarvis attracted renewed support in a restricted market and firmed 7 to 245p, while Henderson Group rose 5 to 187p. Clay pipe and cement manufacturer H.J. Baldwin provided an after-hours feature, jumping 22 to 68p following the sharply increased half-year profits and share splitting plans.

Currency influences and news of the group's plans to establish its first manufacturing base in Saudi Arabia helped ICI harden a couple of pence to 638p, after 640p. Laporte firmed 5 to a 1983-84 peak of 360p on investment buying, while Allied Colloids improved 3 to 327p following a broker's recommendation.

FII rise again

FII, one of last year's success stories following widespread publicity given to the profits potential of the Rhinotherm medical equipment subsidiary, continued to attract sporadic support and, in a narrow market, improved 9 more to 215p. Elsewhere, Strong and Fisher responded to "call" option business with a rise of a couple of pence to 107p.

Leading Stores displayed no decided trend in a subdued trade. Similar conditions prevailed among secondary counters, although selected jewellers found modest support. Ernest Jones, virtually ignored in the pre-Christmas run-up, rose 2 to 74p and Excalibur gained the turn to 11p.

GEC, down 2 at 178p, and Plessey, a similar amount off at 226p, followed the easier trend in leading equities. Among the occasional features elsewhere, HB Electronics advanced 12 to 155p following investment comment on Oracle, while Chloride responded to a New Year recommendation with a rise of 3 to 28p. For a similar reason, Audiotronic were the same amount higher at 23p. Elsewhere speculative demand lifted United Scientific 11 to 315p.

Leading Engineers inclined easier after an extremely slow trade. Secondary issues fared little better in the way of activity, but smaller-priced issues to show up well included Widney, 2 higher at 21p, and Acrow A, 1½ better at 15½p, the last-named following comment in a Provincial newspaper. Occasional demand brought a rise of 5 to 128p in Fife Indmar.

Scattered support developed for selected secondary Food issues. Avana rose 8 to 453p and butchers Pyke Holdings were again in demand, rising 6 to a 1983-84 peak of 160p. Among Confectioners, Blue Bird firmed a couple of pence to 72p and Bassett hardened a penny to 89p. Watson and Philip also added the turn to 67p; the preliminary results are due on Friday. Dee Corporation, sharply higher last week after Press comment suggesting that the shares were under-valued, firmed 3 more to 430p.

The recent spectacular advance in Bellair failed to deter fresh buyers yesterday and the price moved up sharply again in a difficult market to £12½ before settling at £12 for a gain of 1½ on the day. TSL Thermal Syndicate also featured at 58p, up 14, on a burst of speculative demand which gave rise to vague takeover talk. LCP, the subject of a New Year investment recommendation, improved 3 to 85p, while Pilkington Bros gained a similar amount to 225p, also on investment advice. Fentos came to life with a rise of 4 to 23p and Gestetner "A" found support at 64p, up 4. Renewed buying ahead of the preliminary figures due next month left Manchester Ship 5 dearer at 162p. AIM Group responded to the recovery in the half-year profits by rising 10 to 90p before easing back on profit-taking to close unaltered on the day at 86p. Unilever improved 10 to 965p with sentiment helped by hopes that the change in Nigerian Government will be of economic benefit. Other leading Miscellaneous Industrials, however, drifted lower on the lack of support. Metal Box gave up 8 at 296p and BOC 7 at 289p, while falls of 3 were marked against Boots, 177p, and Bowater, 262p.

Recent comment in the Financial Times highlighting the increased demand for package holidays continued to influence Horizon Travel which rose 8 to 168p. Saga Holidays, however, remained a neglected market and shed 3 to 105p. Elsewhere in the Leisure sector, Trident TV "A" firmed 3 to 123p on bid speculation, but Aspinall Holdings failed to respond to a New Year's investment recommendation and closed without alteration at 138p. Tottenham Hotspur again lacked support and shed 3 to a 1983-84 low of 81p, while Intervision Video gave up 2 to 19p.

Dunlop closed a penny cheaper at 38p following the proposed raising of the group's borrowing limits. Elsewhere in Motor Components, Lucas continued to attract occasional support on recovery prospects and added 3 at 179p.

Properties were again supported, albeit on a modest scale. MEPC hardened 4 and Land Securities improved a penny to the common level of 270p. Buyers also showed interest in Peachey, which gained 6 to a 1983-84 peak of 192p. Elsewhere, Regentcrest attracted buyers and put on 1½ to 20½p, but Mountleigh shed 5 to 310p awaiting today's interim results.

Textiles featured Harold Ingram which responded to revived speculative support with a gain of 105 at 350p. Nova (Jersey) Knit were wanted on recovery hopes and advanced 5 to 36p.

Shell good

Oils were highlighted by Shell which advanced 7 to 575p, after 578p, as heavy demand for Royal Dutch on the Amsterdam bourse spilled over into London; Royal Dutch closed £1½ firmer in London at £31⅞. BP initially hardened to 408p but encountered persistent small selling ahead of the 235p call on the new shares scheduled for tomorrow week and were finally quoted at 400p, a net fall of 5. Ultramar dipped 8 to 607p, while falls of around 5 were recorded in Britoil, 195p, and Burmah, 170p. An early flurry of speculative buying of the Irish exploration issues petered out and Atlantic Resources closed a net 10 lower at 655p, after 695p. Eglinton were finally 5 off at 330p. Record levels in overnight domestic markets boosted Australia's Santos, which jumped 20 to a 1983-84 high of 512p. Genoa added 9 at 97p and Moonie gained 7 to 182p.

As widely anticipated, the Indian Government's decision to limit exports of CTC tea, the variety most used in British blends, stimulated strong demand for the commodity at yesterday's London auction. Quality tea prices rose by an average of 50p per kilo and consequently a lively trade developed among selected shares with Eastern Produce, 181p, Sime Darby, 89p, and James Finlay, 138p, all gaining around 7. Williamson, 310p, and Walter Duncan and Goodricke, 660p, rose 11 and 20 respectively, while Assam Dooars closed 15 to the good at 330p. Brooke Bond hardened the turn to a 1983-84 peak of 80p. Elsewhere in Plantations, Consolidated Plants rose 3 more to 109½p and the Warrants 10 to 323p. Malakoff closed 6 dearer at 128p.

Quiet mines

Mining markets made a bright start to the New Year in sterling terms but were by no means as firm on the more widely used U.S. dollar basis because of sterling's fall against the dollar.

The South African gold share-market opened on a steady note but thereafter drifted lower on lack of interest and small selling pressure which mirrored the gentle drift lower in bullion prices. The latter gave ground to close a net $1.125 off at $380.375 an ounce.

The majority of leading heavyweight Golds closed with modest gains in sterling terms with more notable rises seen in Vaal Reefs, which rose almost a point to £77, and Randfontein, which added ⅞ at £93.

Gains of around ⅛ were common to Winkelhaak, £30½, Driefontein, £22⅛, Free State Geduld, £26, and President Steyn, £31⅛. On the other hand, St Helena were a weak market and dropped ⅞ to £23. Features in the cheaper-priced issues were few. Finally the Gold Mines index showed a 2.9 gain at 573.6.

Financials were mixed in subdued trading. London issues failed to respond to sharply higher copper prices with Rio Tinto-Zinc closing a fraction harder at 596p, after 593p. Gold Fields closed a net 2 firmer at 497p, but Charter were the same amount off at 218p.

Among South African stocks Gold Fields of South Africa hardened ⅛ to £14⅛; the interim figures are due on February 1. De Beers were a firm market and edged up 5 to 517p ahead of the 1983 diamond sales figure which is expected next week.

Currency considerations gave a general boost to Australians but turnover left much to be desired. Leading diversified stocks made progress, aided by a firm copper price on the LME. Gains ranging to around 6 were common to CRA, 377p, MIM, 248p and Western Mining, 278p, while gold-related stocks posted widespread rises in line with the trend in overnight domestic markets. Gold Mines of Kalgoorlie featured with a 20 improvement to 660p, Poseidon rose 8 to 295p and Whim Creek advanced 10 to a 1983-84 high of 202p.

Elsewhere, Consolidated Murchison jumped 60 to 800p reflecting speculative Johannesburg interest in a thin market.

Traded Options opened the New Year on a relatively encouraging note with 2,134 contracts transacted, comprising 1,504 calls and 630 puts. A lively two-way business developed in a number of stocks, notably Commercial Union, which recorded 150 calls and 168 puts. British Petroleum attracted 172 calls and 117 puts. GEC calls were again to the fore with 348 trades done, 253 of which were struck in the April 180's. Lasmo positions were also in demand with 165 calls transacted. Most premium movements tended to mirror alterations in the underlying share price. BP January 420 puts closed 4 better at 24p.

Pru invests in airport centre

The Prudential Assurance Company has purchased a 30 per cent stake in the equity of In Touch Business Centres, which opened its first business centre at Heathrow Airport last month.

The centre was developed by Air Call, which continues to retain a substantial holding in the venture.

Roger Penlington, managing director of In Touch Business Centres, said "with the combination of Air Call and the Prudential, our company has the financial muscle and the communications expertise to expand rapidly."

The Heathrow business centre provides a range of services to the business traveller, from executive offices to multi-lingual secretaries and electronic communications.

Following the establishment of the Heathrow business centre, In Touch Business Centres plans to set up a world-wide network and to have a presence in every major airport.

Reliant Motor

IN THE current year the Reliant Motor Company is expected to make a modest profit after breaking even in the first half, says the chairman Mr J. F. Nash.

He says the year has started satisfactorily and he would expect the performance to remain stable. Although the overall trading position will be similar to that achieved in 1982-83, the higher development costs of its new sports car will inevitably lead to reduced profits—the group made £176,000 last year.

The planned launch of the sports car will take place at this year's International Motor Show in Birmingham, and will make 1985 "an important year in the history of Reliant." The new vehicle will give the company a broader product base and should create the opportunity for higher profits and greater financial stability in the future, Mr Nash tells members.

Reliant maintained its recovery in the year ended September 30 1983 with turnover of nearly £13m (£11.5m) and a profit before tax of £176,000 (£208,000). This was despite the increasingly large amounts being spent on the sports car project. Sales of the Rialto economy range of three-wheelers have remained steady throughout the year, and Mr Nash is "encouraged" by the level of demand in the winter months when, traditionally, a fall off in sales is expected.

"The success of the Rialto has been one of the major influences in Reliant's recovery and will continue to make an important contribution to the company's future," the chairman states. Production of the Fox light-weight van has been satisfactorily established and initial sales made. But the chairman does not underestimate the difficulty in breaking into the fleet market dominated by the major manufacturers.

The fortunes of Scimitar have improved, and the forward orders for these hand built performance cars extends into the spring. Scimitar remains a viable and important part of the overall business.

Mr Nash beneficially owns some 50 per cent of the company's ordinary capital, and TM Trading holds 9 per cent. Meeting, Tamworth, Staffs, January 27 at noon.

Barget

The recent rights issue by Barget of 4,985,900 shares has been taken up by shareholders accounting for 94.7 per cent of the issue. The balance of 259,965 shares has been sold in the market.

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (129)

BRITISH FUNDS (1)
AMERICANS (5)
CANADIANS (1)
BANKS (6)
CHEMICALS (6)
DRAPERY & STORES (2)
ELECTRICALS (6)
ENGINEERING (5)
FOODS (3)
INDUSTRIALS (18)
INSURANCE (6)
LEISURE (5)
MOTORS (6)
NEWSPAPERS (2)
PROPERTY (2)
SHOES (4)
TEXTILES (2)
TRUSTS (28)
OILS (7)
OVERSEAS TRADERS (3)
PLANTATIONS (5)
MINES (6)

NEW LOWS ((4)

INT. BK. & O'SEAS GOVT. STLG. ISS. (1)
G.L.C. 13¼pc 1984
BANKS (1)
Bk. Leumi Le-Israel
LEISURE (2)
Intervision Video Tottenham Hotspur

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 19	Jan 6	Mar 22	April 2
Jan 9	Jan 20	April 2	April 16
Jan 23	Feb 3	April 26	May 8

For rate indications see end of Share Information Service

Call options were arranged in Rank Organisation, Bowater, Associated Dairies, Ramar Textiles, Royal Bank of Scotland, Davy International, James Finlay, Strong and Fisher, Lofs, UEI, Bristol Oil and Minerals, Carlton Engineering and GB Papers. A put was taken out in Bellair, and a double in Associated Dairies.

RISES AND FALLS

	Rises	Falls	Same
British Funds	15	47	40
Corpns. Dom. and Foreign Bonds	6	7	65
Industrials	335	145	920
Financial & Props.	114	49	357
Oils	37	27	54
Plantations	11	1	9
Mines	30	16	72
Others	103	25	57
Totals	701	317	1,574

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Bellair Cosmetics	£12	+ 1½
Electronic Machine	48	−10
Equity and Law	769	+17
FII	215	+ 9
H. & G. Electronic	115	+12
ICI	638	+ 2
Ingram (H.)	350	+105
London Brick	134	− 3
Pearl Assurance	800	+20
Prudential	490	+10
Shell Transport	575	+ 7
TSL Thermal Synd	58	+14

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

FIXED INTEREST

AVERAGE GROSS REDEMPTION YIELDS

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p. * Corrected figures for 30/12/1983.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 35,913

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Jan. 3. Total Contracts 2,134. Calls 1,504. Puts 630.
* Underlying security price

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

LOANS—continued

1983-84 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
Public Board and Ind.						
77½	71¼	Agric. Mt. 5pc '59-89	75xd	......	6.66	11.12
37¼	31¼	Met. Wtr. 3pc 'B'	37	......	8.31	11.10
Financial						
97½	92	Inv in Ind 6¼pcDb'81-'84	96¾	......	6.51	11.10
106½	96¼	Do. 10½pcUnLn '86	100	......	11.08	13.50
104	96½	Do. 11pc Uns.Ln. '88	101½	......	11.46	12.30
104½	97½	Do. 11¾pc Uns.Ln. '90	103½xd	......	12.04	12.30
107½	91½	Do. 12½pc Un. Ln. 1992	107½	......	11.96	11.70
81½	74½	Do. 7¼pc A Deb '89-92	80½	......	9.10	10.80
80½	70½	Do. 7½pcADeb. '91-94	80½	......	9.33	10.90
91½	80½	Do. 9% A '91-'94	91½	......	10.14	10.80
89¾	72⅜	Do. 8¾pcLn. '92-97	89¾	......	10.32	10.75

FOREIGN BONDS & RAILS

1983-84 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
15	8	Chinese 4½pc 1898	13	......	—	—
11	10	Do. 5pc 1912	10	......	—	—
11	8	Do. 5pc 1913	9	......	—	—
9½	5½	Do. 5pc '25 Boxer	9	......	—	—
48	40	Greek 7pc Ass.	48	......	3½	17.29
46	41	Do. 6pc 28 Stb. Ass	46	......	3	16.59
44	38	Do 4pc Mixed Ass	44	......	2	14.60
38	27	Hung. '24 Ass......	38	......	2¼	7.59
122½	102½	Hydro Quebec 15pc Ln 2011	120	......	15	12.54
82	75	Iceland 6½pc '83-88	82	......	6½	12.20
111½	94½	Do. 14½pc Ln. 2016	111½	......	14½	13.73
89	78¼	Ireland 9¾% '91-'96	89	+¼	9¾	11.89
303	275	Japan 4pc '10 Ass	301	......	—	—
93	81½	Do. 6pc '83-88	90xd	......	6	8.50
161	161	Peru Ass. 2007	161	......	5.22	13.29
$92	$75	Turin 9pc 1991	$92	......	9	19.78
DM95	DM88	Turin 6½pc 1984.	DM95	......	6½	13.90

AMERICANS

1983-84 High	Low	Stock	Price £	+ or —	Div. Gross	C'vr	Y'ld Gr's
35⅛	22⅝	Abbott Labs.II	31½	+¼	$1.00	—	2.2
31⅞	17⅞	Alcoa 1$	31⅝	+⅜	$1.20	—	2.7
19½	13⅝	Amax $1	16½	+⅛	20c	—	0.8
18⅝	875p	Amdahl	12⅞	+⅜	20c	—	1.1
32⅛	20¼	Amer. Express $0.60	22¾xd	—¼	$1.28	—	4.0
24⅝	14⅝	Amer. Medical Intl. $1	16¾xd	+¼	48c	—	2.0
32	20⅞	Amer. Nat. Res. $1	32	+1½	$3.16	—	7.0
46⅛	36¼	American T. & T. Co.	42¼	+⅜	s$5.40	—	8.9
21½	14	Amfac Inc	20⅝	+¼	$1.44	—	4.9
16	12	Bank America Corpn.	14½	+¼	$1.52	—	7.4

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

1983-84 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
•455	272	Midland £1	388	—2	†25.5	3.1	9.4	4.1
£80	£67	Do. 7½% 83-93	£79¾	+¼	Q7½%	38.9	19.6	—
£99	£89½	Do.10¾% 93-98.	£97½	+½	Q10¾%	38.9	r11.3	—
118	77	Minster Assets..	112	+2	t4.7	2.1	6.0	10.4
•243	128	Nat. Com. Bk. Aus. $A1	233	......	Q23c	φ	6.1	φ
675	446	Nat. West. £1 ...	638	—2	†29.0	3.9	6.5	4.3
£80	£58	Ottoman Bank £20	£62	......	Q45%	—	—	—
228	115	Royal Bk. of Scot.	212	—6	7.4	3.3	5.0	6.7
838	465	Schroders £1	830	+10	15.0	—	2.6	—
260	200	Seccombe M/C £1	260	......	19.0	—	10.4	—
£37⅛	£22⅝	Sec. Pacific Corp.	£35⅝	+⅜	Q$2.40	—	3.7	—
52	32	Smith St. Aub ...	48	—2	3.5	—	10.4	—
•505	343	Stand'd Chart £1.	475	—5	†27.0	2.4	8.1	5.8
$23½	$11½	Trade Dev. $1.50	$18	......	—	—	—	—
695	515	Union Disc £1 ...	690	—5	31.0	—	6.4	—
£29¾	£16½	Wells Fargo $5.	£27½	+¼	Q$2.16	—	5.2	—
250	140	Westpac $A1	235	......	Q25c	φ	6.6	φ
215	154	Wintrust 20p	195	......	d3.91	—	2.9	—
Hire Purchase, Leasing, etc.								
295	140	‡Baltic Leasing 5p	290	......	g2.8	5.7	1.4	13.5
35	23½	Cattle's (Hldgs) 10p	30½	+½	th1.28	2.1	6.0	9.6
£37½	£19¾	Cie B'cre Fr.100	£37½	+½	gQ15%	—	3.6	—
•55	30	Lnd.Scot.Fin.10p	55	+6	g2.5	2.8	6.5	9.9
31½	18	Moorgate Merc. 10p	28	......	d1.1	1.7	5.7	(12.1)
160	114	Prov. Financial.	149	......	t8.0	1.9	7.7	9.9
107	86	‡Stm.Bus.Leasg.10p	105	......	hg1.75	3.2	2.4	(14.6)
10	4½	Sturla Hldgs. 10p	6φ	......	—	—	—	—
218	130	Utd Leasing 20p	200	......	d†1.5	6.1	1.1	13.6
56	39	Wagon Finance	46	......	2.31	0.4	7.2	48.3

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا صن الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

Australians

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	18	......	—	—	—
52	32	Allstate Expln NL	34	......	—	—	—
40	9	♥Australis Mng. NL	25	+1	—	—	—
25	11	Balmoral Resources	15	......	—	—	—
60	33	♥Black Hill Mins.	34	+1	—	—	—
87	51	♥Bond Corp	83	......	Q10c	0.7	7.7
183	116	♥Bougainville 1 Kina	160	+3	mQ3.21	1.2	1.2
377	204	♥CRA 50c	377	+5	tQ3c	—	0.5
145	60	♥Carr Boyd 20c	76	+2	—	—	—
44	25	♥Central Kalgoorlie	36	......	—	—	—
43	18	♥Central Pacific	20	......	—	—	—
9	2¼	♥Cons Gold Mng Areas.	3½	+¼	—	—	—
17	5	♥Coopers Res N.L.	8	......	—	—	—
255	183	♥Crusader Oil	205	+10	—	—	—
20	8	♥Cultus Pac NL	14	+½	—	—	—
19	7	♥Eagle Corp 10c	10½	......	—	—	—
215	96	♥Emperor Mines	202	+2	—	—	—
14	8	♥Endeavour 20c	13½	......	—	—	—
58	17	♥Enterprise Gld Mines	27	......	—	—	—
810	500	♥GM Kalgoorlie 25c	660	+20	hQ10c	♦	0.9
24	6	Grt. Eastern Mines	23½	......	—	—	—
19	9	♥Great Victoria Gold	19	......	—	—	—
32	15½	♥Haoma NW	18½	......	—	—	—
92	28	♥Hill Minerals N.L.	32	......	—	—	—
41	13	♥Incnl Mining	16	......	—	—	—
20	5	♥Ivanhoe Gld. N.L.	10¼	......	—	—	—
100	25	♥Jingellic Minerals	40	......	—	—	—
42	15	♥Kalbara Min 20c	18½	......	—	—	—
27½	9	♥Keywest Invs	27½	+2½	—	—	—
134	54	♥Kitchener NL 25c	86	+4	—	—	—
180	70	♥Meekatharra 25c	70	......	—	—	—
58	24	♥Metals Ex 50c	42	......	n—	—	—
52	23	♥Metramar Mns 20c	46	......	—	—	—
279	217	♥MIM Hldgs 50c	248	+4	Q5c	1.5	1.2
15	5	♥Mincorp 20c	9	......	—	—	—
8	3	♥Minefields Expl 25c	4	......	—	—	—
46	23	♥Newmetal 20c	31	......	—	—	—
*213	128	♥North B Hill 50c	207	+5	Q8c	♦	2.4
90	38	Nth. Kalgurli	68	+1	—	—	—
86	58	♥Oakbridge 50c	65	......	Q7c	1.5	6.9
57	23	Otter Expln NL	32½	+1	—	—	—
150	64	♥Pancont'l 25c	76	......	—	—	—
9½	4	Pan Pacific Pets NL	7½	+½	—	—	—
75	35	Parmgo Mng & Expln 5p	68	......	—	—	—
456	300	♥Peko-Wallsend 50c	380	+2	GQ5c	♦	0.8
14	6	♥Petsart Res NL	12	+1	—	—	—
298	172	♥Renison 50c	242	+8	Q10c	0.1	2.4
270	135	♥Do Defd	215	+5	—	—	—
83	20	Samantha Explor NL	35	+1	n—	—	—
52	24	Samson Explor NL	26	+1	—	—	—
74	52	♥Seltrust 50c	54	......	—	—	—
58	24	♥Sons of Gwalia N L	36	+½	—	—	—
27	11	♥Sthn. Goldfields	15	−½	—	—	—
19	7	♥Southern Pacific	10	......	—	—	—
14	6	♥Southern Ventures 25c	8½	+½	♦	—	—
50	17	♥Swan Res 20c	20	......	—	—	—
110	60	♥Tunrax Res N.L.	90	......	—	—	—
58	31	♥United Goldfields	31	......	—	—	—
24	5	♥West Coast 25c	9	......	—	—	—
38	11	♥Western Cont. 50c	11	......	—	—	—
280	168	Westn. Mining 50c	278	+6	Q2c	7.6	0.4
202	53	♥Whim Creek 20c	202	+10	—	—	—
47	7	Windsor Res. N.L.	20	......	—	—	—
30	8	♥York Resources	19	......	—	—	—

Tins

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
245	175	Ayer Hitam $M1	220	+10	vQ85c	1.0	11.6
150	83	Geevor	138	......	Z4.0	—	4.1
16	10	Gold & Base 12½p	10½	......	—	—	—
435	290	Gopeng Cons.	400	......	♦20.0	1.4	7.1
600	525	Hongkong	575	......	21.0	♦	5.2
21	13	Jantar 12½p	16	......	1.5	0.2	13.4
270	100	Kamunting $M0.50	200	......	hQ27½c	0.8	4.1
96	56	Malaysia Mng. 10c	70	......	‡vQ11c	0.9	‡
57	28	♥Pahang	46	......	B—	—	—
500	325	Pengkalen 10p	500	......	1.0	—	0.3
330	225	Petaling $M1	305	......	vQ130c	♦	11.9
250	185	Sungei Besi $M1	250xd	......	$vQ185c	1.1	‡
55	40	♥Supreme Corp M$1	52	+2	vhQ3½c	♦	2.2
325	93	Tanjong 15p	325	......	g3.5	—	1.5
150	60	♥Tongkah H Tin $M1	150	......	vQ5c	1.6	1.0
300	190	Tronoh $M1	260	+5	vQ90c	1.1	10.4

Miscellaneous

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	18	Admiral Mines	20	......	—	—	—
90	34	♥Anglo-Dominion	75	+5	—	—	—
93	50	♥Anglo Utd. Dev.	50	......	—	—	—
400	180	Centennial Minerals	257	−13	—	—	—
175	60	♥Colby Res Corp.	175	+15	—	—	—
825	315	Cons. Murch. 10c.	800	+60	100c	♦	7.6
£17½	£10⅝	Eastern Trans Cons 50c	£16¼xd	−½	Q85c	4.9	2.6
240	170	Hampton Areas 10p	208xd	+1	3.75	2.1	2.4
215	103	♥Highwood Res	170	......	—	—	—
£24½	£17½	Homestake Mining $1	£20⅞	+⅜	Q20c	—	0.7
495	275	Northgate C$1	315	+5	—	—	—
672	437	R.T.Z.	596	+1	t17.0	2.9	4.1
£147½	£108	Do 9½%Cv.Ln.95-2000	£130½	......	Q9½%	32.5	†7.6
190	13	♥Sabina Inds C$1	70	......	—	—	—
785	312	♥Tara Expln $1	785	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

● "Tap" Stock.

[illegible]

REGIONAL AND IRISH STOCKS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 21

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

Insurances—continued

[illegible]

Commercial Union Group

St Helens, 1 Undershaft EC3. 01-283 7500

VarAnnAcDc31	—	151.35	....	—
VarAnnAnnJnb	—	33.49	....	—
Prime Series Life				
Managed	129.7	136.6	+0.3	—

Offshore & Overseas—continued

[illegible]

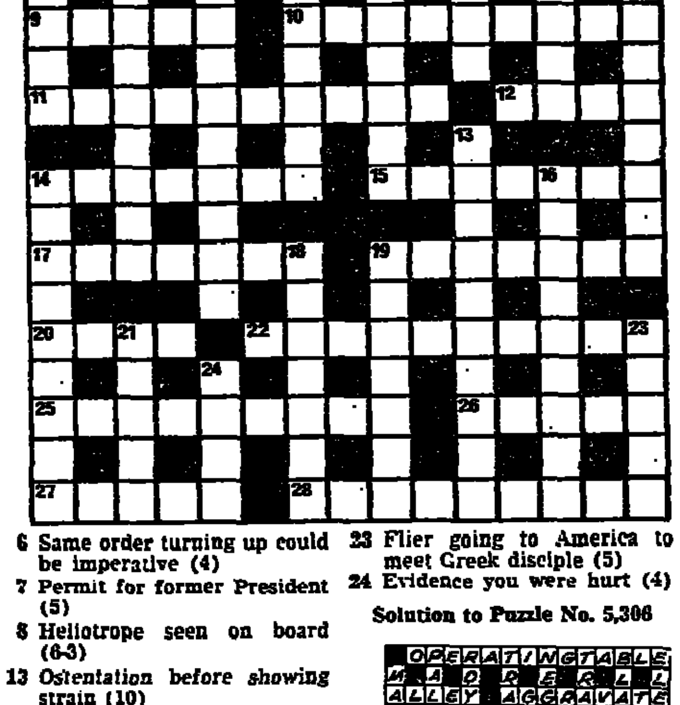
Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

F.T. CROSSWORD PUZZLE NO. 5,307



ACROSS

1 Supply of wine in Greater Manchester (9)
6 Wise men about to demonstrate sorcery (5)
9 Main area once a disaster (5)
10 Boastful talk by French native going to help we hear (9)
11 Left gay friend mixing sponge cake (10)
12 Move around prison (4)
14 Hugh heard to be embarrassed? (7)
15 Heaven sent goods? (3-4)
17 Young person with authority virtually ideal (7)
19 Remarkably clear, it appears in print (7)
20 Fashion returning in the garden (4)
22 Report worker to bookkeeper (10)
25 Pace set by youngster—from a different union (9)
26 Unwrought metal one leading numismatist obtained (5)
27 One South African coin in change—can't get any lower! (5)
28 Sappers' manoeuvres (9)

DOWN

1 Excavated material from ground containing phosphorus (5)
2 Finished journey in very high gear (9)
3 After week-end, he's firing perhaps to catch bird (10)
4 Means of acquiring knowledge is something to play on (7)
5 Hardy girl has time to make some mosaic (7)
6 Same order turning up could be imperative (4)
7 Permit for former President (5)
8 Heliotrope seen on board (6-3)
13 Ostentation before showing strain (10)
14 Asian crop misused on horse's back (9)
16 Figure canter unlikely on broken leg (9)
18 Diplomacy on French island is touching (7)
19 Drunk—had to go to get something to eat (1, 3, 3)
21 Concurred—not a deadly sin (5)
23 Flier going to America to meet Greek disciple (5)
24 Evidence you were hurt (4)

Solution to Puzzle No. 5,306

هكذا اصل الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd		240.45	...	—
Managed Inv. Fd.	162.44	170.99	...	—
Property Fd.	151.83	159.83	...	—
Fixed Interest Fd.	148.31	156.12	...	—
Cash Fd.	136.98	144.19	...	—
Income Fd.	178.18	187.56	...	—
Extra Income Fd.	165.72	174.45	...	—
Worldwide Growth Fd.	228.64	240.68	...	—
Balanced Fd.	179.70	189.16	...	—
Smlr Co's & Recy. Fd	205.34	216.15	...	—
Int. Technology Fd.	267.38	281.46	...	—
Nth. Amer. & Gen. Fd.	165.50	174.22	...	—
Energy Int. Fd.	103.27	108.71	...	—
Pacific Basin Fund	142.93	150.46	...	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	115.3	121.4	...	—
Property	118.3	124.6	...	—
Equity	120.1	126.4	...	—
International	127.5	134.2	...	—
Fixed Interest	104.1	109.6	...	—
Deposit	100.3	105.6	...	—
Managed Pen. Cap.	115.4	121.5	...	—
Property Pens. Cap.	119.8	126.1	...	—
Equity Pens. Cap.	115.8	121.1	...	—
Intnl. Pens. Cap.	131.3	138.2	...	—
Fixed Int. Pens. Cap.	101.0	106.3	...	—
Deposit Pens. Cap.	97.8	102.9	...	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Dec 29		97.4	...	—
Rtmt. Fed. Nov 6		255.4	...	—
Managed Pen Fund	187.7	197.5	+1.0	—
Property Pen Fund	115.5	121.6	+0.4	—
Index Linkd Pen Fund	112.0	117.9	+0.2	—
Managed	124.7	131.3	+0.2	—
Property	104.6	110.2	...	—
Gilt and Fixed Int.	108.9	114.7	+0.3	—
Index-Linked	97.3	102.5	-0.6	—
Equity	123.6	130.0	+0.3	—
Cash	105.3	110.8	...	—
Midland Bk. Unit Tst.	123.0	129.5	+0.6	—
Midland Bank Intnl.	147.1	154.9	+1.3	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	126.1	132.8	+0.5	—
GT Pln High Yld Fnd	126.2	132.9	+0.2	—
GT Plan Far East Fnd	126.1	132.8	+0.6	—
GT Plan N. Am Fd	141.2	148.7	+1.7	—
GT Pln UK&G.E. Fnd	142.8	150.4	+0.9	—
GT Pln Wrldwde Fnd	144.5	152.2	+1.9	—
GT Pension Bnd Fnd	136.8	144.0	+0.7	—
GT Pen High Yld Fd	143.8	151.4	+0.3	—
GT Pen Far East Fd	155.4	163.6	+0.8	—
GT Pen N. Am. Fd	207.0	217.9	+2.8	—
GT Pen UK & G.E. Fd	164.8	173.5	-0.4	—
GT Pen Worldwide Fd	156.0	163.3	+2.2	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	170.2	179.2	...	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		257.0	...	—
Portfolio Fd. Init.		210.5	...	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	279.9	294.9	...	—
Money Fd.	156.5	164.8	...	—
Equity Fd.	234.8	247.4	...	—
Fixed Int. Fd.	120.0	126.4	...	—
Property Fd.	174.2	183.6	...	—
Managed Pen. Fd.	256.3	270.1	...	—
Equity Pension Fd.	186.0	196.0	...	—
Fixed Int. Pen. Fd.	166.2	175.1	...	—
High Yield Pen. Fd.	163.8	172.6	...	—
Money Pension Fd.	129.2	136.0	...	—
Property Pension Fd.	128.2	135.1	...	—
Gresham/Framlington				
American & Gen. Fd.	254.2	267.9	...	—
Income Fd.	192.4	202.7	...	—
Int'l. Growth Fd.	279.6	294.6	...	—
Capital Fund	204.1	215.1	...	—
Recovery Fund	153.2	161.4	...	—

Lloyds Life Assurance—cont.
Gartmore Funds—Series A

American Jan 3	171.4	180.5	-0.7	—
British Jan 3	131.5	138.5	+0.4	—
Commodity Jan 3	128.0	134.8	+0.7	—
Extra Inc Jan 3	118.5	124.8	...	—
Far Eastern Jan 3	118.1	124.4	+2.5	—
High Inc Jan 3	125.8	132.5	+0.7	—
Income Jan 3	153.0	161.1	+1.3	—
Global Strat Jan 3	185.4	195.2	+1.7	—
Special Sits Jan 3	141.3	148.8	-0.1	—
Gilt Jan 3	105.1	110.7	-0.1	—
Japan Jan 3	178.6	188.1	+3.0	—
U. Small Co's Jan 3	131.3	138.3	+0.3	—
Man Gwn Jan 3	156.2	164.5	+1.2	—
Autrln Jan 3	116.7	122.9	-1.8	—
Oil and Energ Jan 3	116.5	122.7	+2.0	—
Gold Share Jan 3	80.0	84.3	-0.4	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	66.3	70.3	...	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

Money Mngr Dec 15	62.3	67.3	...	—
MM Flexible Dec 6	53.6	56.5	...	—
Fixed Interest Dec 1	56.5	59.6	...	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	313.3	—	+0.2	—
Invest. Tst. Fd. Acc.	334.5	—	+0.3	14.7
Property Fund Cap.	118.0	—	+0.7	—
Property Fund Acc.	125.5	—	+0.8	4.8

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund		289.6	...	—
Property Fund (A)		281.5	—	—
Agricultural Fund		1,122.5		—
Agric. Fund (A)		1,092.5	...	—
Abbey Nat. Fund		230.5	...	—
Abbey Nat. Fd. (A)		229.5	...	—
Investment Fund		140.4		—
Investment Fund (A)		138.4		—
Equity Fund		429.2	+0.3	—
Equity Fund (A)		421.2	+0.3	—
Money Fund		219.0	...	—
Money Fund (A)		215.0	...	—
Actuarial Fund		218.8		—
Gilt-edged Fund		195.6		—
Gilt-Edged Fd. (A)		195.6		—
Retire Annuity		357.4		—
Immed. Ann'ty		191.6	...	—
International Fd.		271.2		—
Bldg. Soc. Life Fd.		105.9		—

Property Growth Pensions & Annuities Ltd.

All Wther Ac. Uts.	252.2	265.5		—
Inv. Fd. Uts.		278.4	...	—
Pension Fd. Uts.		256.3	...	—
Conv. Pens. Fd.		297.6	...	—
Cnv. Pns. Cap. Ut.		221.6	...	—
Man. Pens. Fd.		342.6	...	—
Man. Pens. Cap. Ut.		265.1	...	—
Prop. Pens. Fd.		384.4	...	—
Prop. Pens. Cap. Uts.		214.5	...	—
Bldg. Soc. Pen. Ut.		258.5	...	—
Bldg. Soc. Cap. Ut.		197.7	...	—
Gilts Pens. Fd.		175.0	-0.2	—
Gilts Pens. Fd. Cap.		152.0	-0.2	—
Equity Pens. Fd.		261.2	...	—
Equity Pens. Fd. Cap		227.4	...	—

Providence Capitol Life Assc. Co. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.
P O. Box 86, Guernsey. 0481-26521

Capital Reserve Fund	£17.19	17.20	+0.03	0.24
C.I. Fund	354.9	373.6	+5.7	2.35
Special Sits. Fund	137.5	144.8	+1.8	2.00
Sterling Income Fund	112.3	117.0	...	10.26
Dollar Income Fund.	$1.042	1.088	...	11.03
Trans. Nat. Trust	$1.208	1.272	...	2.36
Intnl. Bond.	$98.80	104.23	-0.27	10.40
Int. Equity	$21.73	22.88	+0.15	0.52
Int. Svgs. 'A' $US	$1.67	1.76		—
Int. Svgs. 'B'	$2.40	2.53	+0.02	—
Galleon Ass. Fund 'A'	$1.140	1.195	...	—
Galleon Ass. Fund 'B'	$1.330	1.334	...	—
Amer Spec Accts.	$0.97	1.03	-0.01	—

Henderson Admin. & Man. (Guernsey)
PO Box 71, St. Peter Port, Guernsey 0481 26541

American (US cents)	167.2	177.8	...	—
Intl. Res. (U.S. cents)	124.3	132.3	...	—
Gilt Fund	£10.86	11.51	...	10.86
Prime Res. Props.	£0.99	1.06	...	—

Henderson Baring Group
1901, Edinburg Tower, Hongkong.

Australia	$11.04	11.90	...	2.90
Hong Kong	$9.10	9.75	...	3.66
Japan Tech.	$30.39	32.46	...	—
Japan Fund	$41.62	44.46	...	0.42
Malay Sing.	$22.92	24.69	...	1.30
Pacific Fd.	$16.197	17.006	...	1.45
Pacific Intl Fd.	$10.16	10.67	...	—
Bond Fd.	$10.851	11.393	...	10.53

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.

Guernsey Tst.	315.3	337.3	...	2.41

Hill Samuel Investment Mgmt. Intnl.
P O. Box 63, Jersey 0534 76029

UK Equities (C.I. Fd.)	206.1	220.5		2.5
UK Gilt Lly. Fnd. Int.)	111.0	118.0		10.5
Int. Man. (Growth Fd.)	176.8	190.9	...	—
Int. Currency Fund				
D Mark		DM43.11	...	—
£ Sterling		£11.47	...	—
Swiss Franc		SF36.14	...	—
U.S. $		$22.93	...	—

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, IoM 0624 23

Coin Trust	22.2	23.8	...	—
Diamond Bond	69.4	74.3	-0.7	—
Gold Bond	252.4	265.6	+2.0	—
Sterling Deposit Bd.	171.76	181.25	-0.03	8.98
UK Gilt Fund	175.0	183.9	-0.6	—

Rothschild Asset Management (C.I.)
St Julian's Ct, St Peter Pt, Guernsey. 0481 26741

OC America Fd*	$3.56	3.78		1.15
OC Sm Co**	191.5	203.7	+15.0	1.33
OC Commodity†	124.8	132.7	-2.4	2.30
OC $ Comdty*	$34.83	36.91	...	1.87
OC HongKgFd††	HK$31.43	33.43	...	—

*Prices Dec 21. Next dealing Jan 9. †Prices Dec 14. Next dealing Dec 30. ***Prices Dec 30. Next dealing Jan 13. ††Dealings every Wednesday.

OC Intl Reserves Ltd. 0481-26741 26331
See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

Rothschild Australia Asset Mgt Ltd.
17 Bridge St., Sydney 2000, Australia

Five Arrows Aus. Eq.	A$1.52	1.56	...	6.1

Royal Bank of Canada Funds
RBC Invest Managers Ltd
PO Box 246, St Peter Port, Guernsey 0481 23021

Intl Income Fd	$9.75	10.38		—
Intl Capital Fd	$15.54	16.85	+0.42	—
North America Fd	$6.80	7.43	...	—
RBC Intl Currencies Fd Ltd				
U S $		$21.85	+0.01	—
Canadian $		C$27.39	+0.01	—
£ Sterling		£11.00		—
D-Mark		DM52.21	+0.01	—
Swiss Francs		SF41.10		—
Japanese Yen		Y6,328	+1.0	—
Managed Fund		$21.10	...	—

Daily Dealings

Royal Trust Intnl. Fd. Mngt. Ltd
PO Box 194 St Helier, Jersey. 0534 27441

Sterling Fxd Int Fd.	£0.883	0.934	...	9.64
International Secs	$1.157	1.223	...	1.14
International Bond	$0.865	0.916	...	10.48

Prices on Dec 28. Next dealing Jan. 4

Warburg Invest. Mngt. Jrsy. Ltd.
39-41 Broad Street, St. Helier, Jsy. CI 0534 74715

Merc Comm Dec 20	£23.51	24.18	...	0.91
Merc Far East Dec 28	£23.88	24.49	...	0.74
Merc Trans Dec 23	£24.04	24.65	...	1.46
Metals Tst Dec 15	£13.01	13.33	...	—
Selected Mkt Dec 22	£18.19	18.66	...	2.32
Merc Money Mkt Tst				
D-Mark	DM76.23	—	+0.01	—
Dutch Guilder	DF102.16	—	-0.09	—
Japanese Yen	Y7457.80	—	+1	—
£ Sterling	£18.46	—	...	—
Swiss Franc	SwF75.77	—	...	—
U.S.$	$31.12	—	+0.01	—

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong

Wardley Trust	$5.86	6.20	+0.12	2.26
Wardley Wldo As. Fd.	$25.36	26.80	+0.41	5.60
Wardley Bond Trust	$10.24	10.80	...	8.61
Wardley Japan Trust	$30.87	32.62	+0.91	0.46

WestAvon Secs (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27768

Gilt & Option Fd.	£1.16	1.21	...	2.50
US $ Option	$1.02	1.07	...	—

World Wide Growth Managementϕ
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd		$12.68	...	—

Inv. Adv., M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	20.0	20.8	...	—
Chinese Fund	65.2	67.9	...	—
Precious Metal Fund	114.9	119.7	...	—
Vanguard Cmdy. Fd.	33.8	34.7	...	—
Financial Futures Fd.	60.1	62.5	...	—
Wren Intl. Fnd.*	$0.431	0.449	...	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ϕ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

OFFSHORE AND OVERSEAS

COMMODITIES AND AGRICULTURE

Nigerian coup boosts cocoa

BY RICHARD MOONEY

COCOA PRICES climbed to new five-year peaks on the London futures market yesterday as news of the military coup in Nigeria gave fresh impetus to the already bullish trend.

The weakness of sterling also encouraged the rise, which lifted the May quotation to £2,050 a tonne at one stage. By the close, May cocoa had eased back somewhat to end the day £40.50 higher on balance at £2,031 a tonne.

Concern about West African crop prospects after drought and bushfires earlier this year in the Ivory Coast and Ghana have lifted nearby futures values dramatically in recent weeks. Even before yesterday's rise, values had risen more than £370 in a month.

The Nigerian coup raises further serious doubts about cocoa availability. Nigeria stands third or fourth in the world production league, with about 10 per cent of the total crop.

Analysts' assessments of the cocoa supply/demand position have varied widely this season, from modest surplus to sizeable deficit. Most now expect a deficit of between 120,000 and 180,000 tonnes.

The pre-weekend close in New York had indicated an unchanged to slightly higher opening in London, but the Nigerian and currency news prompted trade and speculative buying, dealers said. The higher prices did not attract increased producer offerings, they added.

The market was lively with most activity concentrated on the spot March position. This reflected the prospect of diminishing nearby physical supplies following the Nigerian coup, the dealers explained.

They said many speculators were looking forward to the possibility of a further price boost in a few weeks' time, when fourth quarter cocoa bean grinding statistics for leading consumer countries are due to be published.

Zinc hits nine-year high

BY JOHN EDWARDS, COMMODITIES EDITOR

ZINC VALUES surged higher again on the London Metal Exchange yesterday. The three months quotation reached a 9½-year high of £646 at one stage before easing to close at £640.50 a tonne, still £11.75 up on balance.

Dealers said speculative buying interest was encouraged by expectations of an improvement in the U.S. economy and the weakness of sterling against the dollar, which brought a generally higher trend in all the metal markets.

Copper also advanced strongly. The higher grade three months quotation gained £22.50 to £1,028.25 a tonne. Sentiment was boosted by news of a further U.S. producer raising their domestic selling prices to 69 cents a pound and the fact that copper stocks in the LME warehouses rose by only 300 tonnes to a total of 435,675 tonnes.

Although this is the highest total for over five years, it is felt the recent build up in stocks may now be coming to an end.

Zinc was marginally up by 150 to 96,700 tonnes, and LME silver holdings increased by 930,000 to 45,424,000 ounces.

However, the decline in warehouse stocks of aluminium continued with holdings dropping by 2,350 to 224,425 tonnes.

Outbreak of foot and mouth in Netherlands

By Our Own Correspondent

TWO CASES of foot and mouth disease have been discovered in the Dutch North-east Polder. Only two infected calves were found but all animals at the two farms concerned have been slaughtered.

The Dutch Agriculture Ministry did not know how many animals had been killed. All cattle in the area have been vaccinated against the disease and no new cases have emerged since the discovery on December 30.

The Ministry says this is the first case of foot and mouth disease in the Netherlands since 1977. The farmers will get compensation of 50 per cent of the market value for infected animals and 100 per cent for apparently healthy stock lost.

● CARGILL UK plans to build an oilseed crushing plant and vegetable oil refinery, it is discussing possible British east coast sites with local authorities.

● IMPORTS of Dutch chrysanthemums have been banned following discovery of chrysanthemum white rust disease on cut flowers from the Netherlands.

● ALL SHEEP on the fells between Alston and Middleton-in-Teesdale are being dipped as part of an emergency programme to stop a serious outbreak of sheep scab.

● MILLIONS of army worms—a type of caterpillar—are munching sorghum, millet and maize crops in Tanzania. Pest control specialists have been sent to the affected areas.

● U.S. GREEN coffee roastings in the week ended December 24 rose to 420,000 bags, from about 415,000 bags in the corresponding week in 1982, according to analysts George Gordon Paton.

Cool weather helps Florida crop rescue

BY NANCY DUNNE IN WASHINGTON

COOL WEATHER in the Florida citrus belt is proving a blessing in disguise as pickers work around the clock to rescue fruit damaged in the severe December 25-26 freeze, according to state agriculture officials.

Florida Citrus Mutual, an association of growers, last week released a preliminary estimate of the damage at 54m gallons, or 28 per cent of the crop grown for frozen orange concentrate. The freeze is being compared to that of 1981, when 58m gallons were lost from a concentrate crop originally projected at 232m gallons.

The cool temperatures, if they continue, are expected to minimise the losses this year. However, freezes suffered in three of the past four years have considerably reduced the estimated crop size, Florida Citrus Mutual said.

The U.S. Department of Agriculture has projected Florida's citrus output at 168m boxes (a box equals 1 3-5ths bushels). About 94m boxes are the early and mid-season fruit, which was most affected by the freeze. About 75 per cent of the crop is harvested for frozen orange juice concentrate.

Although most of the damage hit Florida's northern and middle counties, the State Citrus Commission imposed a seven day embargo from January 2 on all fresh fruit shipments in order to protect consumers from receiving damaged fruit. Damage which might not be immediately apparent, should be visible to inspectors by January 9, growers say.

The salvage operation of the Florida crop is a long-term project. Of the 94m boxes of early and mid-season fruit, 80m remain to be picked at about 10m boxes per week. Growers are waiting for the Department of Agriculture's official report of the damage on January 11.

Meanwhile, many Florida officials say that a shortfall in the Florida crop cannot be offset by Brazilian exports this year. In 1981 and 1982, Brazilian citrus reserves compensated for the loss of supplies in U.S. freezes. Brazil exports jumped from an average 70,000 tonnes to 250,000 tonnes in 1982, earning $328m.

However, Mr Labit Abdalla Saad, president of the Citrus Commission of the Sao Paulo State Agricultural Federation, has reportedly said that Brazil does not have the reserves to cover U.S. losses this year.

Portuguese grain changes

BY DIANA SMITH IN LISBON

THE Portuguese Government has taken the first step to liberalise grain imports after nearly 50 years of state monopoly in grain trading.

According to a decree taking effect on January 1, EPAC (Empresa Publica de Abastecimento de Cereais), the national grain monopoly, will gradually lose its exclusive rights.

At first, 10 per cent of grain imports, about 300,000 tonnes, will go to a tender where grain trading companies may compete. Later, quantities will increase until trading is liberalised according to EEC rules, which bar state trading monopolies.

Epac employing about 9,000 people and constantly criticised for bureaucratic excess and slow seed delivery, has been a law unto itself.

The previous government tried to liberalise grain trading three years ago but wilted under pressure

Welsh back dairy levy

BY ROBIN REEVES IN CARDIFF

THE Farmers' Union of Wales has come down in favour of the Brussels Commission's proposal for a dairy superlevy to curb excess milk production "as the lesser of the evils put forward by the EEC."

Mr T. Myrddin Evans, the union's president, said the union had rejected price restraint and quotas—alternatives being canvassed by other farming organisations — because these would not control milk producers determined to expand production.

"A superlevel based on individual farms would be a fairer system of controlling milk output," he said.

The decision was reached after consultations with county branches and organisations in the milk industry. Under the EEC proposal, all milk production in excess of the 1981 level would be subject to a levy equivalent to 75 per cent of the target price.

Pakistan abolishes surcharge on cotton imports

BY OUR CORRESPONDENT

PAKISTAN has abolished the 5 per cent surcharge cotton imports to overcome severe shortages which have followed a big insect attack. The decision wil lals0 affect cotton yarn export contracts.

Pakistan's original expectations of 5.2m bales have now been officially scaled down to 3.4m bales. But some textile industrialists still doubt that the 1983-84 crop, which started arriving in the market three months ago will reach even that level.

Actual production in 1982-83 was 4.8m bales. The domestic textile industry will need around 3.1m bales during 1983-1984.

Letters of credit for import of 150,000 bales of cotton have so far been opened, banks reported yesterday. The business expects that letters of credit for another 50,000 bales will be opened within days.

Sudan's long staple cotton has so far, taken 75 per cent of the new spurt for import in Pakistan. The price was quoted at 75-76 cents. The remaining 25 per cent of deals were at around 81-82 cents, mainly for medium staple American cotton.

Mr Ghulam Ishaq, Finance Minister, said the steps are being taken to counter "the speculative psychology which is still at work,"

All exports of cotton are suspended, and the state-owned Cotton Export Corporation has been directed not to enter into any sales contract involving exports for the time being.

Irish beef exports increase by 5%

By Barbara Dalzell

TOTAL IRISH beef exports improved in 1983, with the 230,000 tonnes sold representing a 5 per cent volume increase on the previous two years.

The Irish Livestock and Meat Board's annual review puts the total value of livestock, meat and by-products exported at about I£810m, (£655m), accounting for 13 per cent of the republic's overall foreign trade.

The UK remains the largest individual market for Irish beef, accounting for 43 per cent of last year's exports. However, volume sales fell from 106,200 tonnes in 1982 to 100,000 tonnes. Sales to the EEC also showed a volume fall—from 55,500 tonnes in 1982 to 47,000 tonnes last year.

Exports to third countries showed a 46 per cent rise, from 56,900 tonnes in 1982 to 83,000 tonnes last year, with the bulk of this going to Algeria, Libya, Iran and Egypt.

The North American market also improved, from 5,000 tonnes in 1982 to 7,500 tonnes in the first nine months of last year. But this rate of growth may not be sustained this year because of the U.S. decision to stop meat imports from Ireland until the republic tightens its controls on monitoring the use of hormones and insecticides.

The board hopes it will be able to comply with U.S. specifications "within a few months," but says it is not expecting its other markets to be affected by the U.S. ban.

Live cattle exports, estimated at more than 430,000 head, increased to their highest level since 1981.

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 3 1984	+ or —	Month ago
Metals			
Aluminium	£1103	....	£1050
Free Mkt	$1588/1610	....	$1580/560
Copper			
Cash h grade	£1002	+21.25	£994.5
3 mths	£1028.25	+22.5	£1018.75
Cash Cathode	£982.5	+20	£978.25
3 mths	£1008.5	+22.75	£1002
Gold troy oz	$380.875	-1.125	$397.875
Lead Cash	£295.25	+4.875	£282.25
3 mths	£305.25	+5.375	£293.375
Nickel	£4813	....	£4646.54
Free Mkt	206/225c	....	205/225c
Palladium oz	$158.75	-0.25	$154.50
Platinum oz	£270.35	+0.50	£278.35
Quicksilver†	$305/310	....	$305/315
Silver troy oz	624.30p	+10.05	657.80p
3 mths	638.00p	+10.10	671.65p
Tin cash	£8465	+12.5	£8705
3 month	£8630.5	+17	£8826.5
Tungsten	$74.70	....	$76.08
Wolfr'm 22.04 lb	$71/75	+1	$67/72
Zinc Cash	£630	+12.25	£594
3 mths	£640.5	+11.75	£608.75
Producers	$980	....	$950

	Jan. 3 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1045y	....	$945
Groundnut	‡	....	‡
Linseed Crude	‡	....	‡
Palm Malayan	$750w	....	$680
Seeds			
Copra Phil	$685y	....	$625
Soyabean (U.S.)	$334	+2.8	$307.5
Grains			
Barley Fut. Mar	£122.85	-0.05	£123.60
Maize	£149.00u	....	£146.00
Wheat Fut. Mar	£122.20	....	£124.60
No 2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£2124	+47	£1772
Fut. May	£2031	+40.5	£1706.5
Coffee Ft. Mar	£1899.5	....	£1855
Cotton A.Index	89.15c	-0.05	89.30c
Gas Oil. Feb	$247.75	-1.50	$244.25
Rubber (kilo)	65p	+0.5	65p
Sugar (Raw)	£122y	-2	£140
Wooll'ps 64s	425p kilo	....	405p kil

‡ Unquoted. w Feb. z March. u Jan-March. y Jan-Feb. † Per 75-lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

Gas oil opened around unchanged and traded quietly in a narrow range through the morning. Weakness in New York put pressure on London in the early afternoon and the market moved quickly to the lows. Short-covering sparked a rally on the close, reports Premier Man.

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Feb	28.65	+0.30	—
Mar	28.54	-0.21	28.90-45
Apr	28.46	-0.28	28.70-45
May	28.27	-0.28	28.59-39
June	29.15	+0.66	—
July	28.75	—	—

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.35-28.65	+0.35
Iranian Light	27.70-28.00	+0.05
Arab Heavy	26.25-26.40	-0.01
North Sea (Forties)	29.10	-0.05
North Sea (Brent)	29.29-29.45	-0.03
African(Bonny Li'ht)	29.25-29.50	-0.25
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	260-264	—
Gas oil	247-255	—
Heavy fuel oil	173-177	—

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan	249.50	-1.75	251.25-48.50
Feb	247.75	-1.50	249.50-46.00
Mar	242.50	-1.25	244.50-40.75
April	237.75	-1.00	238.00-37.00
May	233.00	-2.50	235.00-32.00
June	232.75	-2.00	232.75
July	233.00	....	—
Aug	233.00	-2.00	—
Sept	236.50	....	—

Turnover: 1,578 (1,505) lots of 100 tonnes.

GOLD MARKETS

Gold fell $1¼ to $380¾-381¼ on the London bullion market yesterday. The metal opened at $383¾-384¼ and touched a low of $379¾-380. It was fixed at $384 in the morning and $383 in the afternoon.

In Paris the 12½ kilo bar was fixed at FFr 104,000 per kilo ($385.03 per ounce) in the afternoon, compared with FFr 104,000 ($385.43) in the morning, and FFr 102,600 ($382.29) last Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,980 per kilo ($385.15 per ounce), and closed at $382-383.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $383.30 per ounce.

In Zurich gold finished at $380-380½.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Jan	379.00-85.00	+0.20	—
Feb	383.10-85.40	+0.25	387.00-81.5
April	387.20-89.50	-1.15	395.70-83.7
June	395.20-96.60	-0.30	—
Aug	401.70-03.10	-0.55	—
Oct	408.00-09.80	-0.40	—

Turnover: 428 lots of 100 troy ounces.

	Jan. 3		Dec. 30	
Gold Bullion (fine ounce)				
Close	$380¾-381¼	(£266-266½)	$381½-382½	(£265¼-265¾)
Opening	$383¾-384¼	(£266½-267)	$381½-382½	(£263¼-263¾)
Morning fixing	$384	(£267.316)	$381.50-382.976	
Afternoon fixing	$383	(£267.085)		

Gold and Platinum Coins Jan. 3

Krugrnd	$391-391½	(£273¾-274¼)	King Sov	$91-92½	(£63½-64½)
½ Krg	$201-202	(£140¾-141½)	Victoria Sov	$91-92½	(£63½-64½)
¼ Krg	$102½-105½	(£71¾-73½)	French 20s	$74½-76½	(£52-53½)
1/10 Krug	$41½-42½	(£29-29¾)	50 pesos Mex	$457½-464	(£320½-325)
Mapleleaf	$390¾-391½	(£273¾-274¼)	100 Cor. Aust	$371-375	(£259¾-262½)
New Sov	$89-89½	(£62¼-62¾)	$20 Eagles	$525-535	(£367½-374½)
½ New Sov	$53½-55½	(£37½-38¾)	Noble (Plat)	$401¼-405¾	(£280¾-284)

EUROPEAN MARKETS

ROTTERDAM, January 3.

Wheat—(U.S. $ per tonne): U.S. No. 2 Red Winter: Jan 165, Feb 164.50, March 165.25, April 166.25. U.S. No. 2 Northern Spring, 14 per cent protein: Dec 20, Jan 10 193, Jan 25/Feb 15 194, Feb 194, March 194, April/May 180, June 179.50, July 180. U.S. No. 3 Amber Durum: Jan 208, Feb 210, March 212, April/May 196, June 196, July 196. Canadian Western Spring: April/May 209, June 212.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow: Afloat 159, Jan 159, Feb 158.50, March 157, April/June 157, July/Sept 156.50, sellers. Argentine, Plate: mid-Jan/mid-Feb 177, April/June 162, sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Jan 328, Feb 329.15, March 330.60, April 332, Sept 311, Oct 283.25, Nov 283.25, Dec 287.50, Jan 292.50, sellers.

Soyameal—(U.S. $ per tonne): 44 per cent: Afloat 259, Dec 261, Jan 263, Feb 265, March 267, April/Sept 261, Nov/March 233, sellers. Pellets, Brazil: Jan 287, Feb 289, March 278.50, April 270.50, May/Sept 264, sellers. Pellets, Argentine: Afloat 272, Dec 273, Jan 271, Feb 272.50, March 276, May/Sept 262, May/Oct 258, July/Sept 255, sellers.

PARIS, January 3.

Cocoa—(FFr per 100 kg): March 2487-2493, May 2470-2475, July 2466 bid, Sept 2460 asked, Dec 2425 asked, March 2420 asked, May 2420 asked.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES surged ahead on the London Metal Exchange, led by Copper and Zinc which advanced to close at £1,030.25 and £639.5 respectively. Zinc responded to heavy speculative and chartist buying, having breached the £625 level last week. The market was additionally boosted by the weakness of sterling, a factor which proved crucial to the rise in Copper. Tin closed at £8,637.5, Lead at £305.75, Aluminium at £1,129 and Nickel at £3,379.

COPPER

Amalgamated Metal Trading reported that in the morning higher grade cash traded at £998, three months £1,022, 23, 22.5, 23, 24, 23.5, 24.5. Cathodes: Three months £1,005. Kerb: Standard, Three months £1,025, 24.5, 24, 24.5. Cathodes: untraded. Afternoon: Higher Grade: Three months £1,028, 27.5, 27, 26, 26.5, 27, 26.5, 27.5, 27, 27.5, 28. Cathodes: untraded. Kerb: Higher Grade: Three months £1,027, 28, 28.5, 29, 30, 29, 28, 29, 29.5, 30, 30.5. Cathodes: untraded. Turnover: 22,380 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	998-9	+17.7	1001.5-2.5	+21.2
3 months	1024-5	+18.7	1028-.5	+22.5
Settlem't	999	+18	—	—
Cathodes				
Cash	980-.5	+17.7	982-5	+20
3 months	1004.5-5.5	+18.2	1008-9	+22.7
Settlem't	980.5	+17.5	—	
U.S. pro'd	—	—	*68-72	+1.5

TIN

Tin—Morning: Standard, three months £8,635, 40, 35, 30. High Grade, cash £8,525, three months £8,660, 65, 60, 55, 60. Kerb: Standard, three months £8,630. High Grade untraded. Afternoon: Standard, three months £8,630, 20, 25, 30. High Grade, three months £8,650. Kerb: Standard, three months £8,635, 40, 35, 30, 35. High Grade: untraded. Turnover: 2,580 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8520-25	-7.5	8500-05	-27.5
3 months	8660-65	+12.5	8640-50	-5
Settlem't	8525	-10	—	......
Standard				
Cash	8460-65	+18	8460-70	+12.5
3 months	8625-30	+14	8630-31	+17
Settlem't	8465	+10	—	......
Straits E.	$29.16	+0.01	—	......
New York				

LEAD

Lead—Morning: Cash £296; three months £306, 07, 07.5, 08, 09, 08, 07.5, 07, 06, 05.5, 06, 06.5. Kerb: Three months £307, 08, 07, 06.50. Afternoon: Three months £307.5, 08, 07.5, 06, 06.5, 06, 05. Kerb: Three months £303.0, 04, 05, 05.5, 06. Turnover: 19,275 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	295.5-7	+8.37	295-.5	+4.87
3 months	306.5-7	+8.87	305-.5	+5.87
Settlem't	297	+8.5	—	......
U.S. Spot	—	......	*24-25	......

ZINC

Zinc—Morning: Three months £643, 43.5, 44, 44.5, 45. Kerb: Three months £645. Afternoon: Three months £640, 42, 42.5, 42, 40, 40.5. Kerb: Three months £638.5, 38, 38.5. Turnover 8,600 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	635-6	+17.5	629.5-5.5	+11.2
3 months	645-6	+16.7	640-1	+11.7
Settlem't	636	+18	—	......
Prim w'ts	—	......	*45-46	......

ALUMINIUM

Aluminium—Morning: Cash £1,103; three months £1,128, 29, 30, 32, 34, 33, 33.5, 34, 33.5, 33, 32, 31, 34, 33.5, 34, 34.5, 34, 33.5, 33. Kerb: Three months £1,132, 31.5. Afternoon: Three months £1,133, 32.5, 32, 31, 30, 29, 29.5, 30. Kerb: Three months £1,129, 29.5, 30, 30.5, 31. Turnover: 29,225 tonnes.

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1102.5-3	+17	1100.5-1	+16.5
3 months	1125.5-6	+16.5	1129.5-30	+15

NICKEL

Nickel—Morning: Cash £3,276; three months £3,345, 50, 60, 55, 56, 55, 59. Kerb: Unraded. Afternoon: Three months £3,365, 60, 58, 60, 65, 70, 69. Kerb: Three months £3,375. Turnover: 858 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3275-8	+44	3288-90	+58.7
3 months	3356-8	+41.6	3368-70	+54

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

SILVER

Silver was fixed 10.05p an ounce higher for spot delivery in the London bullion market yesterday, at 624.3p. U.S. cent equivalents of the fixing levels were: spot 896c, up 5c; three-month 917.2c, up 4.9c; six-month 941.9c, up 5.6c; and 12-month 992c, up 5.7c. The metal opened at 619½-622½p (892-896c) and closed at 601-604p (860-864c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	624.30p	+10.6	596.5p	-27.7
3 months	638.00p	+10.1	610.5p	-28.5
6 months	654.05p	+10.5	—	......
12 months	686.30p	+10.7	—	......

LME — Silver (2,000 oz contract) — Three months 612.5p (634.25p). Turnover: 2 (nil).

Turnover: 125 (54) lots of 10,000 ozs. Morning: Large three months 637.0, 36.5, 38.0, 37.5. Kerb: Large three months 637. Afternoon: Large three months 622.0, 21.0, 16.0, 15.0, 11.0, 10.0, 11.0; small three months £620.0. Kerb: Large three months 613, 14, 13.5, 14.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 2,500-2,560.

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse 1.75-1.79.

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 0.88-0.92, sticks 0.89-0.93.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse 5.95-6.05.

MERCURY—European free market, min 99.99 per cent, $ per flask, in warehouse 305-315.

MOLYBDENUM: European free market, canned molbdic oxide, $ per lb Mo, in warehouse 3.80-3.95.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse 4.10-4.70.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif 71-75.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources $ per lb V_2O_5 2.00-2.05.

Producer list prices for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1,750.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per lb, tonne lots, ex-warehouse 2.20.

COBALT: World, Zaire: Sozacom, $ per lb 12.50.

NICKEL: World, Inco, melting grade, $ per lb, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 22.50.

VANADIUM: Highveld fused min 98 per cent V_2O_5, $ per lb V_2O_5, cif 2.30.

ZINC: GOB producer basis, $ per tonne 960.

COCOA

The market traded very quickly to limit-up and on the re-opening reached the highs of the day, reacting to the political situation in Nigeria. The remainder of the day saw active trading in a relatively narrow range before light liquidation on the close pared earlier gains. Some consumer and origin interest was noted, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	2063-64	+47.0	2084-40
May	2030-32	+40.5	2050-30
July	2011-12	+39.0	2033-12
Sept	1975-76	+30.0	[illegible]
Dec	1938-39	+35.0	1960-40
March	1917-25	+38.5	[illegible]
May	1910-40	+41.0	[illegible]

Sales: 7,532 (6,287) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for Jan 3 128.30 (127.76); five-day average for Jan 4 125.60 (124.43).

COFFEE

During a quiet morning lower sterling encouraged a steady rise, reports Drexel Burnham Lambert. However, gains of £20-32 were erased as commission house selling in nearby positions prompted a gradual retracement.

COFFEE	Yest'day's Close	+ or —	Business Done
January	1941-47	-8.5	1985-40
March	1899-00	......	1924-98
May	1836-37	+6.0	1860-37
July	1801-02	+10.5	1818-00
Sept	1760-65	+8.5	1780-65
Nov	1740-46	+10.0	1756-50
January	1710-30	+12.5	1720

Sales: 2,876 (1,298) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for Jan 30: Comp. daily 1979 137.34 (137.53); 15-day average 139.98 (140.11).

GRAINS

WHEAT Mnth.	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Jan	119.35	-0.25	120.50	-0.35
Mar	122.20	......	122.85	-0.05
May	125.15	-0.15	124.50	-0.25
July	128.10	[illegible]	—	......
Sept	112.50	+0.10	109.90	-0.15
Nov	115.60	+0.15	112.90	[illegible]

HGCA — Locational ex-farm spot prices. Feed barley: N. East 121.00. The UK monetary coefficient for the week beginning Monday January 9 (based on HGCA calculations using 5 days exchange rates) is expected to remain unchanged.

ADD GRAIN—P18—

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent Feb/March 147, April/May 137.25 transhipment East Coast, sellers. English feed, fob Jan 128 East Coast, sellers. Maize: French: Jan/March 149 East Coast sellers. Barley: English feed, fob Jan 125 East Coast, sellers. Rest unquoted.

Business done—Wheat: Jan 119.50-9.30, March 122.20-1.70, May 125.15-4.85, July 128.35-7.85, Sept 112.50-2.25, Nov untraded. Sales: 186 lots of 100 tonnes. Barley: Jan 120.50-20.25, March 122.55 only, May 124.40-4.30, Sept 110.25 only, Nov 113.20 only. Sales: 15 lots of 100 tonnes.

POTATOES

Further falls hit stop-loss levels which added to selling pressure with April registering 27.00 losses before fresh buying rallied prices from the lows to close about steady, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Feb	146.00	148.00	[illegible]
April	168.80	172.50	[illegible]
May	179.60	184.00	[illegible]
Nov	77.50	76.50	—
Feb	87.00	86.00	—

Sales: 910 (252) lots of 40 tonnes.

RUBBER

The London physical market opened about unchanged, attracted throughout the day and closed quiet but steady. Lewis and Peat. The Kuala Lumpur January fob price for RSS No 1 was 263.0 (262.5) cents a kg and SMR 20 223.5 (same).

No. 1 R.S.S.	Yesterday's close	Previous close	Business Done
	£ per tonne		
Feb	654-658	649-650	—
Mch	660-664	655-660	[illegible]
Apl-Jne	661-662	655-656	662-660
Jly-Sept	672-673	665-666	[illegible]
Oct-Dec	683-684	[illegible]	[illegible]
Jan-Mar	694-695	[illegible]	[illegible]
Apl-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]

Sales: 21 (49) lots of 15 tonnes; nil (14) lots of 5 tonnes.

Physical closing prices (buyers) were: spot 66.00p (64.50p); Feb 65.75p (64.50p); March 66.00p (65.75p).

SUGAR

LONDON DAILY PRICE—Raw sugar £122.00 ($178.00), down £2 a tonne for Jan-Feb shipment. White sugar $216.50, down $1.50.

No. 4 Contract	Yesterday's close	Previous close	Business done
	£ per tonne		
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

No. 6 Contract			
	$ per tonne		
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: No 4 987 (794); No 6 254 (2,072) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £228.50 (£230.50) a tonne for export.

International Sugar Agreement — (U.S. cents per pound fob and stowed Caribbean ports). Prices for December 30: Daily price 7.19 (7.15); 15-day average 7.47 (7.52).

SOYABEAN MEAL

The market opened 50p higher in thin conditions, reports T. G. Roddick. Prices collapsed late in the session on commission house selling.

	Yesterday's close	+ or —	Business Done
	£ per tonne		
Feb	181.00-81.50	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	—
August	[illegible]	[illegible]	—
October	[illegible]	[illegible]	—
Dec	[illegible]	[illegible]	—
Feb	[illegible]	[illegible]	—

Sales: 68 (6) lots of 100 tonnes.

TEA AUCTIONS

LONDON TEA AUCTION — 29,085 packages were on offer, including 3,900 packages in the offshore section. Demand was exceptionally strong and active. North Indians opened 20-40p dearer and closed sometimes 50-70p higher. Sylhets sold readily with selected lines gaining 20-30p. Africans were keenly competed for and advanced 30-50p. Ceylons, with a very strong enquiry, put on 20-30p. Offshore teas met very strong support with fannings 50p and brokens 20-30p dearer. Quality 300p a kg (280p), medium 306p a kg (260p), low medium 240p a kg (220p).

COTTON

LIVERPOOL—No spot or shipment sales were recorded. Operations were at a minimal level after the holidays and demand failed to show any sign of expansion.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Jan 408, 410, nil; March 421, 425, nil; May 437, 439, nil; Aug 453, 456, nil; Oct 455, 459, nil; Dec 462, 466, 464; Jan 465, 468, 466; March 469, 472, 471; May 473, 478, 475. Sales: 4.

33—ADD WOOL FUTURES—P18 —

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 564.0, 570.0, 565.5-565.0; May 580.0, 583.0, 583.0; [illegible] Sales: 18.

INDICES

FINANCIAL TIMES

Dec. 30	Dec. 29	M'th ago	Y'ar ago
298.61	297.02	288.10	239.66

(Base: July 1 1952=100)

REUTERS

Jan. 3	Dec. 30	M'th ago	Y'ar ago
1960.0	1975.9	1938.1	1580.2

(Base: September 18 1931=100)

MOODY'S

Dec. 30	Dec. 29	M'th ago	Yearago
1065.9	1063.6	1011.1	[illegible]

(December 31 1931=100)

DOW JONES

Dow Jones	Dec. 30	Dec. 29	Month ago	Year ago
Spot	140.10	140.59	[illegible]	[illegible]
Futs	148.34	148.89	[illegible]	[illegible]

(Base: December 31 1974=100)

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.19p per kg lw (-3.75). GB—Sheep 194.27p per kg est dcw (-4.05). GB—Pigs 74.22p per kg lw (-2.77).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 82.0-87.5; English forequarters 53.0-57.5. Lamb: English small 72.0-75.0, medium 68.0-71.5, heavy 64.0-68.0; Imported: New Zealand PL 59.5-60.0, PX 57.0-57.5. Pork: English under 100 lb 51.5-55.5, 100-120 lb 48.0-54.0, 120-160 lb 44.0-52.0.

English produce: Apples—Per pound, Cox's 0.18-0.28, Spartan 0.12-0.16, Laxton's Superb 0.12-0.16, Bramley 0.15-0.22, Conference 0.10-0.22. Potatoes—Whites 4.20-4.60, Edwards 4.80-5.20, Bakers 7.00-8.00. Mushrooms—Per pound, open 0.50-0.60, closed 0.60-0.70. Lettuce—Per tray round 1.50-2.00. Onions—Per 55-lb 4.00-4.50. Cabbages—Per 25-lb Celtic 2.60-3.00, Jan King 3.50-3.60. Celery—Pre-packed 3.00-3.60; dirty by cubes 2.00.

AMERICAN MARKETS

NEW YORK, January 3.

The commodity markets opened the New Yor on a negative note with the political change in Nigeria providing the negative psychology which fed on itself, reports Heinold Commodities, Led. Concern about Nigeria led to a strong dollar and flight from other currencies, especially sterling. The secondary weakness was immediately reflected in crude and heating oil price declines on the assumption that the dire economic situation would force Nigeria into increasing its oil production and undercutting the Opec floor pfrice. Cotton prices collapsed despite constructive fundamentals pointing to improving exports prospects; commission house liquidation triggered stop-loss selling putting prices under severe pressure. Sugar prices were sharply lower on commission house selling forcing liquidation of speculative long positions; the market was unable to uncover any significant fundamental support. Cocoa prices retreated sharply on heavy arbitrage selling against sterling which lead to commission house liquidation on stop-loss selling. Coffee prices were under light selling pressure related mostly to the strength of the dollar and arbitrage activity.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Latest	High	Low	Prev
March	77.40	77.95	77.30	77.90
May	78.10	78.20	78.20	78.20
July	78.90	79.10	78.90	79.10
Sept	79.95	79.95	79.95	80.05
Dec	81.50	—	—	81.45
Jan	81.95	—	—	81.90
March	82.90	—	—	82.85
May	83.20	—	—	83.80
July	84.15	—	—	84.75
Sept	85.10	—	—	85.70

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	2712	2806	2696	2755
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500 lb, cents/lb — [illegible]

COPPER 25,000 lb, cents/lb — [illegible]

COTTON 50,000 lb, cents/lb — [illegible]

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels — [illegible]

GOLD 100 troy oz, $/troy oz — [illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons — [illegible]

ORANGE JUICE 15,000 lb, cents/lb — [illegible]

PLATINUM 50 troy oz, $/troy oz — [illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	860.5	881.0	855.0	902.0
Feb	866.5	—	—	908.5
March	873.0	905.0	867.0	915.5
May	888.0	922.0	883.0	931.0
July	903.0	933.0	897.0	946.6
Sept	918.5	944.0	918.0	962.5
Dec	942.0	978.0	937.0	986.7
Jan	950.2	955.0	955.0	995.0
March	966.5	1004.0	1004.0	1011.8
May	983.5	995.0	996.0	1029.3

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	9.60	9.85	9.60	8.93
March	7.87	8.08	7.86	8.18
May	8.25	8.44	8.24	8.52
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb — [illegible]

LIVE HOGS 30,000 lb, cents/lb — [illegible]

MAIZE 5,000 bu min, cents/56-lb bushel — [illegible]

PORK BELLIES 38,000 lb, cents/lb — [illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel — [illegible]

SOYABEAN MEAL 100 tons, $/ton — [illegible]

SOYABEAN OIL 60,000 lb, cents/lb — [illegible]

WHEAT 5,000 bu min, cents/60-lb bushel — [illegible]

SPOT PRICES — Chicago loose lard 27.00 (27.50) cents per pound. New York tin 567.0-75.0 (570.0-80.0) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm, but pound eases

The dollar closed at its firmest level of the day against most major currencies, and showed a considerable improvement from the depressed levels of last week. A major factor behind the dollar's advance was the return to more normal trading after a period when very thin year-end trading had caused distortions. There was also less optimism about an early fall in U.S. interest rates, while political factors such as the military take-over in Nigeria, and the turmoil in the Lebanon, gave further support to the U.S. currency. Another factor helping to underpin the dollar was the unexpectedly large rise of $1.6bn in U.S. M1 money supply announced on Friday.

These pushed the dollar up to DM 2.7590 from DM 2.7225 against the D-mark; FFr 8.4385 from FFr 8.3175 against the French franc; SwFr 2.2125 from SwFr 2.1805 in terms of the Swiss franc; and Y232.25 from Y231.55 againt the Japanese yen.

The dollar's trade-weighted index, on Bank of England figures, rose to 130.0 from 129.2.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.4140. December average 1.4344. Trade-weighted index 82.2, compared with 82.4 at noon, 82.5 at the opening, 82.9 at Friday's close, and 84.2 six months ago.

The pound opened at $1.4415-1.4425, the highest level of the day, and weakened on profit taking after the recent rise, and nervousness about the effect of the Nigerian coup on oil prices, closing at the day's low of $1.4280-1.4290, a fall of 2.30 cents from Friday's finish. Sterling also fell to DM 3.94125 from DM 3.9550; FFr 12.0550 from FFr 12.07; Y331.75 from Y336.50, but was unchanged at SwFr 3.1650.

D-MARK — Trading range against the dollar in 1983-84 is 2.7780 to 2.3320. December average 2.7487. Trade-weighted index 124.3 against 128.0 six months ago.

The D-mark lost ground to the dollar at the Frankfurt fixing. Market volume remained low, with dealers commenting that trading was duller than expected. Apart from the larger than expected rise in U.S. M1 money supply announced Friday, the dollar was also supported by reports of Israeli bombing raids on Syrian controlled mountains in Lebanon. The Bundesbank sold DM 7.4m when the dollar rose to DM 2.7458 from DM 2.7302 at the fixing. Other major currencies were mixed however, with sterling falling to DM 3.9410 from DM 3.9520; the French franc to DM 32.695 per 100 francs from DM 32.700; and the Irish punt to DM 3.0970 from DM 3.1060. The lira and Danish krone were unchanged, but the Dutch guilder improved to DM 89.015 per 100 guilders from DM 88.975, and the Belgium franc to DM 4.8990 per 100 francs from DM 4.8980.

ITALIAN LIRA — Trading range against the dollar in 1983-84 is 1682.50 to 1343. December average 1666.475. Trade-weighted index 48.9 against 51.6 six months ago.

The lira weakened against the dollar, and showed little change in terms of the D-mark at the Milan fixing. The Bank of Italy sold L2.55m of the L8.3m officially traded when the dollar rose to L1,669 from L1,660.40, but did not intervene when the D-mark was fixed at L607.65, against L607.69. Other currencies had a slightly softer tone against the lira, although the Japanese yen rose to a record fixing level of L7.206 from L7.191. Sterling fell to L2,395 from L2,402.10; the Swiss franc to L759.67 from L761.00; the French franc to L198.65 from L199.03; the Belgian franc to L29.766 from L29.77; and the Irish punt to L1,882.75 from L1,885.95.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	46.0384	+2.53	+1.88	±1.5447
Danish Krona ...	8.14104	8.17159	+0.38	−0.27	±1.6425
German D-Mark	2.24184	2.25672	+0.66	+0.01	±1.0642
French Franc ...	6.87456	6.90095	+0.38	−0.27	±1.4052
Dutch Guilder ...	2.52595	2.53512	+0.36	−0.29	±1.4964
Irish Punt	0.72569	0.728267	+0.36	−0.29	±1.6698
Italian Lira	1403.49	1369.86	−2.40	−2.40	±4.1506

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Jan 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4280-1.4425	1.4280-1.4290	0.06-0.11c dis	−0.71	0.23-0.28dis	−0.71
Canada	1.7765-1.7835	1.7795-1.7805	0.02c pm-0.08 dis	−0.20	0.11-0.21dis	−0.36
Nethlnd.	4.42-4.45	4.42-4.43	1¾-⅞c pm	3.05	3⅝-3⅜ pm	3.05
Belgium	80.20-80.70	80.23-80.33	5-15c dis	−1.49	32-42 dis	−1.84
Denmark	14.26½-14.31	14.24¾-14.25¼	3¼-4¾ore dis	−3.16	7¾-8¾ dis	−2.30
Ireland	1.2705-1.2760	1.2725-1.2735	0.33-0.40p dis	−3.44	0.85-1.00dis	−2.90
W. Ger.	3.93-3.96	3.93¾-3.94¾	1¼-⅞pf pm	3.42	3½-3 pm	3.30
Portugal	190.00-193.00	190.25-190.75	125-305c dis	−13.54	425-635dis	−10.08
Spain	225.50-227.50	225.80-225.90	210-260c dis	−12.49	585-665dis	−11.08
Italy	2.387-2.402	2.387-2.389	12½-15½ lire dis	−7.03	42-46 dis	−7.37
Norway	11.09-11.15	11.09-11.10	4-6¾ore dis	−4.73	10⅝-11½dis	−4.01
France	12.04-12.08	12.05-12.06	3-4c dis	−3.48	11½-13½dis	−4.15
Sweden	11.51-11.60	11.51½-11.52½	2⅜-2¾ore dis	−2.54	6½-7⅛ dis	−2.36
Japan	330-334	331¼-332¼	0.85-0.75y pm	2.89	2.40-2.25 pm	2.80
Austria	27.60-27.95	27.68-27.73	8-6½gro pm	3.14	20½-17 pm	2.71
Switz.	3.14½-3.17½	3.16-3.17	1⅞-1⅝c pm	6.16	4½-3⅞ pm	5.21

Belgian rate is for convertible francs. Financial franc 81.65-81.75. Six-month forward dollar 0.50-0.53c dis, 12-month 1.00-1.05c dis.

THE DOLLAR SPOT AND FORWARD

Jan 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4280-1.4425	1.4280-1.4290	0.06-0.11c dis	−0.71	0.23-0.28dis	−0.71
Ireland†	[illegible]	[illegible]	0.23-0.20c pm	2.29	0.63-0.55 pm	2.09
Canada	[illegible]	[illegible]	0.04-0.02c pm	0.29	0.10-0.06 pm	0.29
Nethlnd.	[illegible]	[illegible]	1.02-0.92c pm	3.77	3.00-2.85 pm	3.79
Belgium	[illegible]	[illegible]	2½-4c dis	−0.69	14-18 dis	−1.14
Denmark	[illegible]	[illegible]	0.60-1.10ore dis	−1.02	0.50-1.00dis	−0.30
W. Ger.	[illegible]	[illegible]	0.99-0.96pf pm	4.26	2.77-2.73 pm	4.00
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 57.15-57.25.

OTHER CURRENCIES

Jan. 3	£	$		£ Note Rates
Argentina Peso...	33.44-33.50	23.39-23.41	Austria.........	27.70-28.00
Australia Dollar..	1.5890-1.5920	1.1125-1.1135	Belgium.........	81.50-82.30
Brazil Cruzeiro...	1,400.0-1,408.1	979-984	Denmark.........	14.23-14.37
Finland Markka...	8.3640-8.3800	5.848-5.850	France.........	12.01-12.13
Greek Drachma...	142.7-143.05	99.25-99.75	Germany.........	3.93-3.97
Hong Kong Dollar	11.147-11.157	7.7980-7.8000	Italy.........	2380-2410
Iran Rial.........	127.50*	88.00*	Japan.........	332-337
Kuwait Dinar (KD)	0.4160-0.4190	0.2928-0.2925	Netherlands.....	4.41¼-4.45¼
Luxembourg Fr...	80.25-80.33	56.20-56.22	Norway.........	11.09-11.19
Malaysia Dollar..	3.3385-3.3445	2.3355-2.3370	Portugal.........	188-202
New Zealand Dlr.	2.1850-2.1900	1.5305-1.5330	Spain.........	224½-234¼
Saudi Arab. Riyal	5.0080-5.0085	3.500-3.5010	Sweden.........	11.53-11.63
Singapore Dollar	3.03-3.04¼	2.1250-2.1265	Switzerland.....	3.14-3.17
Sth. African Rand	1.7615-1.7635	1.2330-1.2345	United States....	1.42⅛-1.44⅛
U.A.E. Dirham...	5.2490-5.2545	3.6720-3.6730	Yugoslavia......	204-217

* Selling rates.

CURRENCY RATES

Jan. 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.727214	0.572546
U.S. $	8½	1.04428	0.820029
Canadian $	[illegible]	[illegible]	1.02118
Austria Sch	3¾	20.2225	15.8840
Belgian F	10	58.5632	46.0354
Danish Kr	7	10.5850	8.17159
D mark	4	2.88768	2.25672
Guilder	5	3.22160	2.53512
French Fr	9½	8.77350	6.90095
Lira	17	N/A	1369.86
Yen	5	N/A	190.165
Norwgn Kr	8	8.11067	6.37944
Spanish Pta	—	164.769	129.584
Swedish Kr	8½	8.41690	6.58091
Swiss Fr	4	2.29378	1.80670
Greek Dr'ch	20½	103.037	81.7569

* CS/SDR rate for Dec 30: 1.30282.

CURRENCY MOVEMENTS

Jan. 3	Bank of England Index	Morgan Guaranty Changes %
Sterling	82.2	−8.0
U.S. dollar	130.0	+17.9
Canadian dollar	92.1	+0.6
Austrian schilling	114.8	+3.1
Belgian franc	89.2	−10.0
Danish kroner	78.2	−5.7
Deutsche mark	124.3	+6.8
Swiss franc	150.0	+13.5
Guilder	114.2	+6.0
French franc	65.9	−15.6
Lira	48.9	−11.8
Yen	157.7	+13.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

EXCHANGE CROSS RATES

Jan. 3	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.429	3.941	331.8	12.055	3.165	4.425	2395.	1.780	80.28
U.S. Dollar	0.700	1.	2.759	232.3	8.439	2.212	3.097	1672.	1.246	56.21
Deutschemark	0.254	0.362	1.	84.17	3.059	0.803	1.123	605.9	0.452	20.37
Japanese Yen 1,000	3.014	4.306	11.88	1000.	36.34	9.540	13.34	7198.	5.365	242.0
French Franc 10	0.830	1.185	3.268	275.2	10.	2.625	3.671	1981.	1.477	66.59
Swiss Franc	0.316	0.451	1.245	104.8	3.809	1.	1.398	754.5	0.563	25.36
Dutch Guilder	0.226	0.323	0.891	74.97	2.724	0.715	1.	539.7	0.402	18.14
Italian Lira 1,000	0.419	0.598	1.650	138.9	5.046	1.325	1.853	1000.	0.745	33.62
Canadian Dollar	0.562	0.803	2.214	186.4	6.772	1.778	2.486	1342.	1.	45.10
Belgian Franc 100	1.246	1.779	4.909	413.3	15.02	3.942	5.512	2975.	2.217	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 day's notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): [illegible]. Long-term Eurodollars two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates slightly firmer

Interest rates had a slightly firmer tone on the London money market yesterday, following a disappointing close to trading in the U.S. bond market on Friday, and the decline of sterling on the foreign exchanges. Three-month interbank money was unchanged at 9⅛ per cent, but discount houses buying rates for three-month eligible bank bills rose to 8 11/16 per cent from 8⅝ per cent.

The Bank of England forecast a money market shortage of £500m, but this was later revised to £600m. Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills from Friday's tender absorbed £220m, while Exchequer transactions drained another £590m. These factors outweighed a fall in the note circulation of £310m.

> UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

Total assistance of £603m was provided by the authorities. Before lunch the Bank of England bought £420m bills by way of £10m bank bills in band 1 (up to 14 days maturity) at 9 1/16 per cent; £124m bank bills in band 2 (15-33 days) at 9 per cent; £19m bank bills in band 3 (34-63 days) at 8 11/16 per cent; and £267m bank bills in band 4 (64-91 days) at 8⅝ per cent.

In the afternoon another £183m bills were purchased through £90m bank bills in band 2 at 9 per cent; £6m bank bills in band 3 at 8 13/16 per cent; and £87m bank bills in band 4 at 8¾ per cent.

In Frankfurt call money was steady at around 5.55 per cent, but much lower than the pre-year-end level of 6.25 per cent on Friday. A sum of DM7.9bn will be added to money market liquidity today through a securities repurchase agreement arranged by the Bundesbank, but this falls totally to replace the DM8.9bn draining from the market today as an earlier agreement expires. This is helping to keep call money well bid, although the interest rate of 5.7 per cent on the new funds supplied by the authorities is regarded as favourable, as the new agreement runs for 34 days, and compares with a market rate for one-month money of around 5.80-5.60 per cent. The Bundesbank may announce a further repurchase pact later this week, before another securities repurchase agreement of DM 7.2bn expires next Monday. Lombard borrowing by the banks fell to DM 7.6bn on Monday, from DM 13.1bn over the week-end, but the latest figure is still regarded as high.

MONEY RATES

Jan. 3	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	—	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Jan. 3 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	5-9½	9-9¼	9¼-9¾	5-9	—	—	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	—	[illegible]	[illegible]	—	—
One year	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	[illegible]	—	—	—	—
Three years	—	[illegible]	—	—	—	—
Four years	—	[illegible]	—	—	—	—
Five years	—	11¼	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7 1983 to January 3 1984 (inclusive) 9.492 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from January 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8391 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¼ per cent; one-three months 9½ per cent; three-six months 9¼ per cent; six-12 months 10¼ per cent. Under £100,000 9¼ per cent from January 4. Deposits held under Series 4-5 10¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10½-11¼
Fed funds	9⅝
Fed funds at intervention	9⅝

Treasury Bills

One month	8.35
Two month	8.60
Three month	8.98
Six month	9.15
One year	9.24

Treasury Bonds

Two year	100¼
Three year	99⅞
Four year	99¾
Five year	99⅝
Seven year	99¾
10 year	99⅝
30 year	100⅛

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. January 3)

3 months U.S. dollars

bid 9 7/8	offer 10

6 months U.S. dollars

bid 10 1/8	offer 10 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Prices fall

Prices fell on the London International Financial Futures Exchange yesterday. The market was optimistic on Friday, but succumbed to a series of events which traders suggested were individually fairly unimportant. Bond prices in the U.S. declined in late trading before the long weekend, following publication of a larger than expected rise of $1.6bn in U.S. weekly M1 money supply. This was felt to be merely a catalyst, and was not of itself very significant, but showed the lack of support behind recent price levels.

There were no major factors to influence the market, but the military takeover in Nigeria and the continuing conflict in the Lebanon created a mood of depression, with March Eurodollar's opening at 89.92, the highest level of the day, but still lower than Friday's close. The contract fell to a low of 89.83, and closed at 89.85, compared with the previous finish of 89.95.

Dealers also commented that the recent flash estimate of U.S. gross national product, pointing to lower than expected economic growth was not trusted, and that a severe slow-down in the expansion of the economy is considered remote.

Gilts opened lower, but found some early support, before weakening again as cash prices finished lower on the day, and sterling lost ground on the foreign exchanges. Gilts for March delivery opened at 109-07, and moved within a range of 109-05 to 109-19, before closing at 109-10, compared with 109-19 last Friday.

Three-month sterling deposits react to the same factors, with March delivery opening at 90.56, and finishing at the day's low of 90.48, against 90.58 previously.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	89.85	89.92	89.83	89.85
June	89.53	89.57	89.51	89.64
Sept	89.28	89.31	89.24	89.33
Dec	89.00	—	—	89.12
March	88.75	—	—	88.92

Volume 1,796 (1,862)
Previous day's open int 8,565 (8,747)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	90.48	90.56	90.48	90.58
June	90.27	90.38	90.27	90.41
Sept	90.05	90.12	90.05	90.20
Dec	89.94	90.02	89.94	90.12

Volume 489 (350)
Previous day's open int 4,956 (4,939)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	109-10	109-19	109-05	109-19
June	108-26	—	—	109-03
Sept	108-12	—	—	108-20
Dec	107-31	—	—	108-07
March	107-19	—	—	107-25

Volume 1,416 (563)
Previous day's open int 2,598 (2,984)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 40 to 54 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4328	1.4460	1.4320	1.4541
June	1.4350	1.4430	1.4350	1.4561
Sept	1.4370	—	—	1.4586

Volume 303 (98)
Previous day's open int 2,261 (2,271)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3661	0.3671	0.3660	0.3706
June	0.3696	—	—	0.3739
Sept	—	—	—	—

Volume 49 (76)
Previous day's open int 253 (253)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4592	0.4611	0.4592	0.4643
June	0.4661	—	—	0.4712
Sept	—	—	—	—

Volume 11 (50)
Previous day's open int 84 (84)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4349	0.4349	0.4341	0.4348
June	0.4389	—	—	0.4388
Sept	—	—	—	—

Volume 52 (6)
Previous day's open int 225 (229)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-21	69-25	69-17	70-01
June	69-04	69-09	69-00	69-15
Sept	68-18	68-23	68-15	68-31
Dec	68-03	68-09	68-01	68-16
March	67-22	67-23	67-20	68-02
June	67-10	67-13	67-10	67-22
Sept	66-31	67-02	66-31	67-11
Dec	66-21	66-22	66-21	67-01
March	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.71	90.72	90.69	90.78
June	90.37	90.38	90.35	90.44
Sept	89.25	89.28	89.26	89.29
Dec	89.88	89.89	89.87	89.93
March	89.65	89.66	89.64	89.69
June	89.40	89.45	89.43	89.43
Sept	89.25	89.25	89.25	89.29
Dec	89.08	89.10	89.08	89.12

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	89.99	90.05	89.97	90.09
June	89.60	89.63	89.60	89.69
Sept	89.30	89.31	89.30	89.38
Dec	—	—	—	—
March	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	89.57	89.59	89.54	89.65
June	89.24	89.25	89.21	89.31
Sept	88.95	88.97	88.95	89.02
Dec	88.70	88.71	88.69	88.75
March	88.43	88.43	88.41	88.48

STERLING (IMM) Se per £

	Latest	High	Low	Prev
March	1.4305	1.4380	1.4280	1.4625
June	1.4325	1.4335	1.4315	1.4645
Sept	1.4340	1.4440	1.4340	1.4670
Dec	1.4360	1.4450	1.4360	1.4695
March	1.4420	1.4440	1.4420	1.4730

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	68-13	68-17	68-05	68-15
June	67-16	67-20	67-08	67-18
Sept	66-25	66-25	66-13	66-23
Dec	66-00	66-02	65-25	66-00
March	—	—	—	—
June	64-30	64-30	64-23	64-27
Sept	—	—	—	64-13
Dec	—	—	—	64-01

COMPANY NOTICE

NOTICE TO THE HOLDERS OF BONDS OF THE ISSUE 12.875% 1981/90 U.S.$40,000,000 MADE BY THE EUROPEAN ATOMIC ENERGY COMMUNITY (EURATOM)

The Commission of the European Communities announces that the 1st February, 1984 Instalment of Bonds, amounting to U.S.$3,350,000 has been purchased up to U.S.$450,000. The remaining U.S.$2,900,000 has been drawn by lot as follows:
Bond Numbers: 4854 to 5400 and 5501 to 5533
The amount of capital outstanding after that date will be U.S.$31,900,000.

CITIBANK (LUXEMBOURG) S.A.
3 January 1984.

LEGAL NOTICE

IN THE MATTER OF THE COMPANIES ACT 1948 AND PEDALGATE LIMITED

NOTICE IS HEREBY GIVEN Pursuant to Section 293 of the Companies Act, 1948 that a MEETING of the CREDITORS of the above-named Company will be held at the offices, of Singla & Company, 423 Alexandra Avenue, Harrow, Middlesex on Tuesday, 17th January 1984 at 11.00 a.m. for the purposes mentioned in Sections 294 and 295 of the Said Act.

Dated this 19th day of December 1983.

By Order of the Board,
A. HUSSAIN,
Director.

ANNOUNCEMENT

BARBARA A. PIERROT has become a partner in the firm of Shelton Cobb Solicitors with effect from 1st January.

CLUBS

INTERNATIONAL CAPITAL MARKETS

Eurobonds make good start to new year

By Mary Ann Sieghart
in London

THE NEW YEAR got off to an active start in the Eurobond market, with new issues being launched in most of the major currency sectors.

The dollar market saw two new floating rate notes. Kansallis-Osake-Pankki, the Finnish bank, launched a $100m eight-year floater paying ⅛ point over the six-month London interbank offered rate (Libor) at par. The issue is led by Manufacturers Hanover with Industrial Bank of Japan, Merrill Lynch and KOP. With front-end fees of ⅛ per cent, the all-in cost to the borrower on a straight-line basis is 0.1875 per cent over Libor, much less than KOP had to pay on its $50m FRN issue in April 1982. Nevertheless, it traded initially at a small discount of around 0.30 per cent.

Another indication of the narrowing of spreads in the FRN market was a new $50m floater for Die Erste Österreichische Spar-Casse, the Austrian savings bank. In March 1982, the same borrower issued a $40m floater paying ¼ per cent over Libor.

Yesterday's bond has a spread of just ⅛ point over six-month Libor with front-end fees of 0.75 per cent. The all-in cost on a straight-line basis is 0.218 per cent over Libor. The issue has an eight-year maturity which can be extended to 10 years at the noteholder's option and is led by Orion Royal Bank. It traded at a discount of around 0.55 per cent, outside its selling concession, but within the total fees.

In the Eurosterling market, International Standard Electric Corporation, the overseas arm of International Telephone and Telegraph, is raising £50m through a five-year bond paying a coupon of 11⅛ per cent at a price of 99⅜. S. G. Warburg is lead manager.

Although it was considered to be correctly priced, the bond was issued against the background of a weakening pound and it slid to a discount of around 1⅜ points, outside its selling concession.

In Germany, the City of Copenhagen is raising DM 100m through a 10-year bond paying an 8⅛ per cent coupon at par. Led by Deutsche Bank, the issue traded at a discount of around 1¼ per cent.

Meanwhile, News Corporation of Australia, Rupert Murdoch's publishing conglomerate, made its debut in the Swiss franc foreign bond market with a 10-year SwFr 100m issue. The bond, the amount of which may be increased, will have a yield of around 6¼ per cent and is led by Soditic with Nordfinanz-Bank Zurich and Kredietbank (Suisse).

BHF Bank bond average

Jan 3		Previous
98.243		98.306
High	1983	Low
102.017		97.699

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 3.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Comm 11¼ 90	100	100⅝	101¼	0	+0¾	11.81
Australia Comm 11⅝ 95	300	96¾	97¼	+0⅛	+0⅞	11.97
Australia Comm 11¾ 98	100	[illegible]	[illegible]	[illegible]	+0⅝	12.05
Bank of Tokyo 11 90	100	94¼	94¾	[illegible]	+0¾	12.28
Bank of Tokyo 11⅞ 90	100	97⅝	98⅛	[illegible]	-0⅛	12.28
British Col Hyd 10¾ 88	200	[illegible]	[illegible]	[illegible]	0	11.51
Brazil Fin 11⅞ 90	125	[illegible]	[illegible]	[illegible]	+0⅛	11.99
Canada 10¾ 88	500	[illegible]	[illegible]	[illegible]	+0⅛	11.17
C.C.C.E. 12⅜ 85	75	[illegible]	[illegible]	[illegible]	-0⅛	12.75
C.I.B.C. 11 90	75	[illegible]	[illegible]	[illegible]	-0⅛	12.76
Cecorp O/S 11⅜ 90	100	[illegible]	[illegible]	[illegible]	+0⅝	12.44
Citicorp O/S 11¾ 90	100	[illegible]	[illegible]	[illegible]	+0⅝	12.20
Cred Suisse BAH 10½ 90	150	[illegible]	[illegible]	[illegible]	+0⅝	10.88
Den Norsk Cred 11¼ 93	50	[illegible]	[illegible]	[illegible]	0	12.63
Denmark Kingdom 12¼ 93	100	96⅝	97⅛	+0⅛	0	12.82
E.C.S.C. 11⅞ 90	75	98¾	99¼	+0⅛	+0⅞	12.07
E.D.F. 11⅛ 93	100	91⅝	92⅛	0	+0¼	12.63
E.E.C. 11 87	350	98⅛	98⅝	+0⅛	+0⅞	11.53
E.E.C. 12 93	50	98¾	99¼	—	—	12.25
E.I.B. 10¾ 93	200	90⅞	91⅜	0	+0¼	12.37
E.I.B. 11 91	125	94⅛	94⅝	+0½	+0⅝	12.20
E.I.B. 11½ 90	200	96¾	97¼	+0¼	+0⅛	12.15
Exportfinans 11½ 90	100	95⅞	96⅜	0	-0½	12.35
Electrolux 10½ 90	50	92⅜	92⅞	+0⅛	+0¼	12.19
Fuji Int Fin 10⅞ 90	100	92⅝	93⅛	-0⅛	+0¼	12.53
GMAC O/S Fin 11⅜ 90	100	100⅛	100⅝	0	+0¾	11.24
Honeywell Int 10¾ 90	100	95⅞	96⅜	+0⅛	+0⅛	11.63
IC Indust Fin 11⅞ 98	75	96	96½	-0⅛	+0⅛	12.43
Indust Bk Japan 11⅞ 91	100	98⅜	98⅞	+0¼	+0¾	12.14
ITT Finance 11½ 89 WW	125	99¼	99¾	+0⅛	+0⅞	11.61
Japan Air Lines 10⅞ 98	42	91¼	91¾	+0⅛	+0¼	12.13
Japan Air Lines 11 93	75	93⅝	94⅛	-0⅛	-0¼	12.09
J.C. Penney 11⅞ 90	100	100⅞	101⅜	+0⅛	+0⅝	11.60
J. P. Morgan 11⅜ 90 WW	150	97¼	97¾	+0¼	+0½	11.91
Levi Strauss Int 11 90	75	96¼	96¾	+0⅛	+0⅝	11.77
L.T.C.B. 10¾ 90	100	92⅝	93⅛	0	+0⅛	12.39
L.T.C.B. 12½ 90	85	100⅞	101⅜	-0⅛	+0¼	12.21
Merrill Lynch 10⅝ 90	200	94	94½	-0⅛	+0⅜	11.84
Mitsubishi Fin 11⅜ 90	100	94⅞	95⅜	+0⅛	+0⅝	12.51
Nippon Credit 11 90	100	93¼	93¾	+0⅛	+0¼	12.51
Nippon Credit 11⅞ 90	100	96⅞	97⅜	-0⅛	0	12.51
Ontario Hydro 10⅛ 90	250	93½	94	+0⅛	+0⅜	11.66
Ontario Hydro 11¾ 90	200	100½	101	-0⅛	+0½	11.56
Pacific Gas & Elec 12 91	75	102	102½	-0⅛	+0¼	11.52
P.K. Banken 12 90 WW	75	96¼	96¾	0	+0⅛	12.78
Prudential 10⅛ 93 WW	150	94	94½	+0⅜	-1½	11.10
Prudential 10⅛ 93 XW	150	89⅞	90⅜	-0⅛	-0⅜	11.80
Quebec Hydro 11½ 92	100†	97⅛	97⅝	+0½	+0¾	11.94
Sears O/S Fin 11½ 88	125	101⅞	102⅜	+0⅛	+0¾	10.90
Sears O/S Fin 11⅝ 93	150	98⅝	99⅛	+0⅜	+1⅛	11.61
Sth Cal Edison 10½ 90	75	95⅜	95⅞	0	+0⅞	11.48
Sumitomo Fin 10⅞ 90	100	92½	93	0	-0⅛	12.55
Texaco Capital 10½ 93	200	94½	95	+0⅛	+0⅜	11.40
U.B.S. 10 88	100	97½	98	0	-1⅛	10.64
World Bank 11⅛ 88	100	99¼	99¾	+0⅛	+0⅝	11.35
World Bank 11⅛ 90	200	96	96½	+0⅛	-0⅛	12.07
World Bank 11½ 90	150	97¼	97¾	+0¼	+0⅝	12.03
World Bank 12 93	200	99⅜	99⅞	+0⅛	+0⅛	12.04

Av. price changes: on day -⅛, on week -¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amca Int'l 8⅛ 91	100	97⅝	98⅛	+0⅛	+0⅛	8.53
A.N.A.S. 8½ 91	150	98⅛	98⅝	+0⅜	+0½	8.82
Arab Banking Corp 8 88	100	96⅜	96⅞	+0⅛	+0⅜	8.89
Asian Dev Bk 8½ 93	200	100⅛	100⅝	+0¼	+0⅝	8.43
Austria, Rep 7⅝ 89	100	100½	101¼	0	+0¼	7.41
Avon Int Fin 7½ 93	100	101	101½	+0⅛	+0⅜	7.38
Barclays O/S 8⅛ 98	250	98¾	99¼	+0¼	+0⅛	8.24
Beatrice Foods 7⅝ 93	130	102⅜	103⅛	+0⅛	0	7.28
Dresdner Finance 4 90 XW	250	83⅞	84⅜	+0⅞	+0¾	7.14
E.C.S.C. 8 90	100	100⅝	101⅛	+0⅛	+0½	7.79
E.E.C. 8¼ 93	250	99⅞	100⅜	+0⅜	+0½	8.20
E.I.B. 8 93	200	98¾	99¼	+0⅛	+0⅜	8.14
Eurofima 7½ 90	100	100⅞	101⅜	+0¼	+1	7.24
Europarat 8¼ 93	150	99⅞	100⅛	+0⅛	+0½	8.28
Finland Rep 8 90	150	99¼	99¾	+0¼	+0⅜	8.08
I.A.D.B. 8¼ 93	150	97¼	97¾	-0⅛	-0⅛	8.63
Int Standard Ele 7⅛ 90	100	99¼	99¾	+0⅛	+0⅛	7.47
Int Standard Ele 7¾ 93	100	102	102½	+0⅛	0	7.48
Ireland 8⅝ 91	150	99⅝	100⅛	0	0	8.63
Japan Dev Bank 7½ 90	100	99⅞	100⅜	+0¼	-0⅜	7.44
L.T.C.B. 8 90	100	101	101½	+0⅛	+0¾	7.74
S.N.C.F. 8⅛ 93	100	100⅝	101⅛	+0⅛	+1⅜	7.97
VEBA Int Fin 4 93 WW	300	112	112¾	+4⅞	+5⅛	2.57
VEBA Int Fin 4 93 XW	300	74⅜	74⅞	+0⅞	+0¼	7.76
World Bank 7⅞ 89	300	99¾	100½	0	+0⅜	7.83
World Bank 8 93	300	98¾	99¼	+0⅛	0	8.15

Av. price changes: on day -⅝, on week -⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 7¼ 91	57	79¼	79½	+0½	+0½	11.34
Bank of Tokyo 6 91	100	103	103¼	+0½	+0⅝	5.48
Bergen, City of 5¾ 95	40	101	101¼	+0½	+0½	5.61
Denmark 6⅝ 91	100	104	104⅛	+1	+1⅜	5.88
E.E.C. 6 93	100	101½	101¾	0	0	5.77
Europarat 6⅛ 93	100	98½	98¾	0	0	6.31
Ind Fund Fin 6¼ 91	40	101	101¼	0	0	6.05
Int-Am Dev Bk 6 93	100	98¾	99	+0¼	+0¾	6.15
Ireland 6½ 93	80	100	100¼	0	+0½	6.48
Japan Dev Bank 5⅞ 93	100	101¾	102	-0⅛	0	5.62
Jap Highway Pub 5⅝ 91	100	100¼	100½	+0¼	+0¼	5.56
Kansai Ele Power 6 91	100	102⅜	102⅝	+0⅛	+0¾	5.57
Kawasaki Steel 6½ 91	100	101	101¼	+0½	0	6.03
Manitoba Prov 5½ 93	100	101½	101¾	+0½	0	5.28
Mont Blanc Tunl 6⅜ 93	35	102¾	103	+0⅛	+0½	5.98
Mount Isa Finance 6 93	100	102	102¼	-0⅞	-0¾	5.70
MTG Bk Denmark 6¼ 91	80	101⅛	101⅜	+1⅜	+1⅝	6.04
New Brunswick 5¾ 93	100	103	103¼	0	+1¼	5.33
Nippon Tel & Tel 5¾ 93	100	102¼	102½	-0⅛	+0⅞	5.43
Nisshin Steel 6¼ 91	100	102¾	103	+0¼	+1⅜	5.76
Osterr Post 6⅛ 91	100†	104	104½	+0⅛	+1⅜	5.41
Quebec Province 5⅝ 93	100	100¼	100½	+0¼	+0½	5.57
Shikoku Elec Power 6 91	100	103¼	103½	-0¼	+1¾	5.46
Sumitomo Heavy Ind 6 91	100	103	103¼	+1	+1¼	5.49
Tokyo Elec Power 5⅞ 91	100	103	103¼	0	+0¾	5.36
Trizec Corp 6⅛ 93	100	101¾	102	+0¼	+1⅛	5.85

Av. price changes: on day -¼, on week -⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	106½	107	0	+0¼	7.54
E.I.B. 8¼ 92	15	103⅛	103¾	-0⅛	+0¼	7.66
Int-Am Dev Bk 7⅞ 93	15	100⅝	100⅞	-0⅛	+0⅛	7.78
New Zealand 7⅝ 89	15	103⅜	103⅞	-0⅛	+0¼	9.82
World Bank 7⅝ 93	20	100¾	101¼	+0⅛	+0⅝	7.47

Av. price changes: on day 0, on week -¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col Hyd 12 93 CS	125†	97⅞	98⅜	0	+0⅝	12.33
E.I.B. 12⅛ 91 CS	80†	97¼	97¾	—	—	12.53
Loblaw 12½ 90 CS	35†	97¾	98¼	0	+0⅛	12.98
Montreal City of 12 90 CS	50†	97½	98	—	—	12.49
Quebec Hydro 12¾ 93 CS	50†	101½	102	0	+0¼	12.40
Royal Trstco 12⅝ 88 CS	50†	101¼	101¾	-0¼	-0⅛	12.18
World Bank 12¼ 90 CS	75†	100⅛	100⅝	-0⅜	+0¼	12.14
E.E.C. 11 93 ECU	50	101⅝	102⅛	-0⅜	+2⅛	10.69
Genfinance 11 90 ECU	60	99⅝	100⅛	0	+0⅜	11.05
Algemene Bank 8⅝ 88 Fl	150	103¼	103¾	+0⅜	+0⅝	7.80
Bank Mees & Hope 8 88 Fl	75	103⅜	103⅞	0	+0⅝	8.02
Elec Sup Brd 8⅝ 88 Fl	75	97¼	97¾	0	+0⅛	9.44
P.H.P. 8⅝ 88 Fl	50	102⅝	103⅛	+0⅛	+0¼	7.88
Swed Exp Cred 7⅝ 88 Fl	100	97⅜	97⅞	+0⅜	+0⅛	8.42
World Bank 9 88 Fl	100	103⅛	103⅝	-0½	0	8.08
O.K.B. 14 88 FF	400	101	102	-0⅛	-0⅛	13.89
Solvay & Cie 14¾ 88 FF	200	102⅛	103⅛	+0⅛	-0⅛	13.21
B.F.C.E. 11½ 88 £	50	99½	99⅞	-0½	+0⅛	11.65
British Oxyg 11¾ 91 £	50	100¼	101	0	+0⅞	11.58
CEPME 11¼ 95 £	35	103⅞	104⅞	0	+0⅞	10.67
CIBA-Geigy Int 8¾ 93 £	25	100⅝	101⅜	-0¾	+0½	8.69
Commerzbank 11½ 90 £	25	97⅛	98	-0⅜	0	12.02
E.E.C. 11⅞ 91 £	50	100⅝	101⅜	0	+0⅛	11.95
E.E.C. 11⅞ 93 £	50	100⅞	101⅝	0	+0¼	11.84
Fin For Ind 10½ 90 £	20	94⅞	95⅝	-0⅛	+0⅝	11.56
Finland Rep 11⅞ 88 £	50	100⅜	101⅛	-0½	+0⅛	11.62
Gen Elec Co 12½ 89 £	50	103⅜	104½	+0⅛	+0⅛	11.37
I.I.I. 10¾ 93 £	25	94⅞	95⅝	-0⅛	0	11.57
I.I.I. 11½ 91 WW £	50	99½	100½	+0⅝	+0½	11.49
Norsk Hydro 12 90 £	30	100¾	101½	+0⅞	+0⅛	11.72
Sweden 11⅛ 93 £	50	98⅛	98⅞	0	0	11.48
Swed Exp Cred 11¼ 88 £	30	98½	99¼	+0¼	+0¾	11.54
World Bank 11⅛ 88 £	100	99	99¾	0	+0⅜	11.27
Eurofima 10 91 LuxFr	600	98⅛	100⅛	+0⅛	+0⅛	10.04
Europarat 10¾ 93 LuxFr	600	100¼	101¾	+0⅛	+0⅛	10.82

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish Bk 5¼ 95 $	0⅛*	98⅛	98⅝	8/6	10.31	10.47
Banco di Roma 5¼ 90	0¼*	99⅝	99⅞	7/6	10½	10.53
Belgium 5 2004	0⅛*	99	99¼	9/1	5	5.05
Bk of New Yk 5⅛ 96 $	0⅛	99⅜	99⅝	12/1	5⅛	5.28
C.C.F. 5⅛ 95	0¼	99⅜	99⅞	7/4	9.94	9.99
C.C.F. 5¼ 98 $	0⅛	99¾	100	24/3	10.19	10.20
CEPME 5¼ 88 WW †	0¼†	99⅞	100⅛	3/3	10.31	10.31
C.N.C.A. 5⅛ 95 XW	0⅛	99¾	100	7/6	10½	10.51
C.N.T. 5¼ 91	0¼	99½	99¾	6/5	10.19	10.23
Credit Foncier 5¼ 93	0⅛	99¾	99⅞	6/4	10	10.03
Credit Lyonnais 5¼ 97	0⅛	99½	99¾	1/4	10	10.04
Denmark 5¼ 90 $	3/16	99½	99¾	13/4	10	10.04
Dresdner Fin 5¼ 93 XW $	0¼	100	100¼	19/4	9.94	9.93
EAB Fin 5 93 $	0¼*	100	100¼	20/6	10.69	10.67
E.D.F. 5¼ 95 XW	0¼	99⅝	100	10/2	11⅜	11.38
E.E.C. 5 90	0⅛	99⅞	100⅛	5/1	10.19	10.19
Ext Int 5¼ 98	0¼	99	99¼	21/6	10.81	11.02
Fst Interstate 5⅛ 95 $	0⅛*	99½	99¾	6/3	9.94	9.98
Fuji Int'l 5⅛ 96 $	0⅛*	99½	99¾	12/1	5⅛	5.27
GZB 5¼ 96	0½*	99½	99¾	29/5	10.19	10.23
Hispano 5¼ 85	0¼	98	98¼	20/4	10	10.18
Nat Bk Canada 5¼ 87 $	0⅛†	98⅞	99⅛	5/1	5⅛	5.33
Saitama Int 5¼ 93	0⅛*	99⅞	100⅛	5/6	10.19	10.19
Soc Generale 5¼ 90 XW	0⅛	99⅝	99⅞	9/5	10.31	10.34
Sweden 5⅛ 2003 $	0¼*	99½	99¾	17/6	10.19	10.23

Av. price changes: on day , on week

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	143	144½	+3⅜	4.31
Canon 7 97	7/82	588.2	249⅛	251⅛	+4⅛	8.80
Daiwa Sec Co 5½ 98	10/83†	481.6	101½	103	+1½	-2.12
Fanuc 3¾ 98	1/84	8142	121	122	+2½	8.07
Hitachi Cable 5¼ 98	2/82	515	126¼	127¾	+0⅜	-0.80
Honda Motor 5¼ 98	6/83	884	130¾	131¾	+2⅜	3.80
Honda Motor 5½ 97	3/83	759.6	149½	151	+2½	0.85
Konishiroku Photo 4 98	10/83	673	104	105	+1⅜	6.71
Kyowa Hakko 6¼ 97	2/83	762	111⅞	113⅞	+0⅜	0.82
Minebea Co Ltd 5½ 98	5/83	667	111⅝	112⅝	+0¾	-0.32
Mitsubishi Electric 5⅛ 98	6/83	396	112⅝	113⅝	+0⅞	2.14
Mitsubishi Heavy 4¾ 98	1/84	253	109⅞	110⅞	+1⅜	0.15
Nippon Electric 5¼ 97	2/82	765.9	186¾	187¾	+1⅜	-0.22
Nippon Oil Co 5½ 98	4/83	984	115¼	116½	+0⅞	8.08
Nissan Motor 5¾ 98	4/83	780	110⅛	111⅞	+1⅛	0.44
Olympus Optical 6¾ 97	12/82	1157	115⅛	116⅝	+3⅛	0.06
Orient Leasing 5¼ 98	6/83	2680	90	91	+0¾	0.68
Secom 5 98	11/83	2028	153⅝	155⅛	+4⅛	4.03
Yamaichi Sec Co 5 98	8/83	449.5	97½	99	+0½	-2.51
Yamanouchi Pharm'cal 4 90	10/83	1808	103	104	+1	29.23
Bridge Oil 4⅝ 93 SF	3/84	3.43	110⅝	112⅝	+1⅜	16.82
Setsu Paper 3⅝ 93 SF	8/83	716	103	105	0	15.02
Asics 5 92 DM	12/83	520	116⅝	117⅝	-0¼	6.77
Konishiroku 6¾ 88 DM	6/82	616	122½	123½	+0⅜	-2.58
Sun Realty 6¼ 92 DM	2/83	385	133½	134½	+0⅛	-5.65

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week — Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date — Date next coupon becomes effective. Spread — Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. — current coupon. Cu. yld — current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day — Change on day. Cnv. date — First date for conversion into shares. Cnv. price — Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem — Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.